COMMITTEE ON FACULTY WELFARE
Annual Report, 2014-2015

To: Academic Senate, Santa Cruz Division

The Committee on Faculty Welfare (CFW) met bi-weekly throughout the academic year; members also represented CFW on several other Senate and campus committees: the Transportation Advisory Committee (TAC), the Committee on Emeriti Relations (CER), Senate Executive Committee (SEC), and the University Committee on Faculty Welfare (UCFW).

CFW's work in 2014-15 provided an updated analysis of UCSC faculty salaries and the effects of the Merit Boost Plan, and focused attention on new developments both on campus and system-wide with regards to health care, retirement benefits, and online education. CFW presented reports at both the winter and spring Senate meetings, intended to keep faculty updated on the issues of childcare, retirement, faculty salaries, and online education.

Health Care

The University of California health plans are monitored by the UCFW Health Care Task Force (HCTF). No major changes in plan offerings are anticipated for 2015-16. Increases in premiums are expected to be modest for both Health Net and UC Care. Beyond 2015-16, plans are still being explored for adding an HMO option to UC Care. A key concern in designing any new plans will be the unique situation of UCSC employees, who have few choices of healthcare networks in the local healthcare market, and who therefore overwhelmingly make use of the Palo Alto Medical Foundation (PAMF) network run by Sutter Health. At UCSC roughly 1,200 employees are enrolled in UC Care, and 325 in Health Savings and Core combined. It is not clear whether the main alternative network Physicians Medical Group (PMG) in Santa Cruz County has a sufficient number of doctors who are accepting new patients to accommodate a large influx of UCSC employees, should a new UC Care HMO require them to switch networks. These potential problems regarding access and affordability will have to be addressed should UCOP elect to expand UC care to include an HMO option (and drop Health Net). The CFW will continue to make the unique needs and concerns of the UCSC campus known through the University Committee on Faculty Welfare (UCFW) and supports the administration in doing the same.

Faculty Salaries

For many years, UCSC salaries were among the lowest in the UC system. Analyses indicated that this was primarily a consequence of the increased use of off-scale salaries by campuses to attract and retain faculty, with some campuses acting more aggressively than others. In response to a joint Administration/Senate Task Force on Salaries, in 2008-09 the administration, in cooperation with the Committee on Academic Personnel (CAP), initiated a "Merit Boost Plan." The stated goal was to bring UCSC to the UC salary median. Because salary differences between campuses lie mainly in the off scales, we decided to focus this year's analysis primarily on the off-scales.

Annual analysis by CFW over the subsequent years indicated that the Merit Boost Program had an initial significant positive effect, but our review of the most recent data from October 2013 seems to indicate a potential pause in trend, when compared to 2012 and previous years. Most importantly, with other campuses initiating similar programs, we have yet to achieve the plan's initial goal of reaching the system wide median.

Another issue that should be addressed is the inversion and compression of salaries across ranks and scales. Our analysis shows that off-scale salaries are relatively flat or even inverted over rank and scales at UCSC, a pattern that has emerged partly out of the need to offer more competitive salaries in recruiting junior faculty as UC on-scale salaries have fallen well below market, especially considering total remuneration and the value of the Tier 2 retirement package (2% below that of the Tier 1). For faculty who undergo normal merit review and promotion, there is no "market pressure" to award an "appropriate" off-scale. Members of the committee feel that such compression of salaries is counter to rewarding loyalty, or exceptional work later in career.

In light of our salary analysis, as well as the findings of the recent UC Total Remuneration Study, CFW strongly recommends that the Merit Boost Plan be continued until UCSC salaries reach the UC median. Continuing the Merit Boost Plan would bring our salaries in line with other coastal campuses, such as UCSB, UCSD, and UCI, where the cost of living is comparable. The plan could also be modified to address compression and inversions, particularly in meritorious cases.

Child Care

CFW submitted a February 4, 2015 report (see Appendix A) that briefly recapped the history of efforts to establish employee childcare at UCSC, which is the only UC that does not offer such support. At the winter senate meeting, EVC Galloway confirmed that the $730,000 seed money for employee childcare remained reserved for this purpose, but that a proposal submitted in January 2014 for employee child care utilizing the Granary would not be approved.

During CFW's consultation with EVC Galloway on April 2, she stated that both the Campus Welfare Committee and the Child Care Advisory Committee would be re-established in fall 2015. CFW underscores the importance of broad representation of faculty and staff in the CCAC, the initial focus of which should be concrete steps toward establishing some form of employee childcare in 2016-2017. EVC Galloway also stated that Sarah Latham, Vice Chancellor of Business and Administrative Services, has been designated as the point person for employee childcare. CFW suggests that the administration present regular reports to the CCAC, so that planning is not undermined by incomplete information. The CFW subcommittee on childcare met with VC Latham in the spring and will do so again in September to discuss a forthcoming BAS report on the financial and legal aspects of such options as an off campus facility or a reimbursement program.

CFW further urges that active steps are taken to secure the still existing UCOP funds to support employee childcare on the various UC campuses, which could include resumption in 2015-16 of increasing the previously mentioned reserve of $730,000 by $250,000 a year to attain the level of matching funds necessary to access the UCOP monies in five years. Finally, CFW seconds the March 20, 2015 letter from UCFW to the Vice President of Human Resources that raised concerns regarding affordable employee childcare across the system, and recommended investigation of best practices at "Comparison 8" campuses[1].

Housing

In the current academic year, the Committee on Faculty Welfare (CFW) has focused on three main questions with regard to housing:

1. Are the campus funds for recruitment allowances being utilized in the most effective way?
2. Is the Resale Pricing Program functioning as was originally proposed?
3. Are there additional actions the campus can take to make acquiring a home easier for faculty?

The following is a condensed version of CFW's "Report on Faculty Housing and the Campus Resale Pricing Program" of May 15, 2015.

With respect to the recruitment allowance, CFW has heard anecdotal evidence that the allowance is not being used uniformly across the campus and that amounts vary greatly by division. If this is true, it is of great concern to CFW. Considering that recruitment allowances are available to help all new faculty purchase a home on or off campus, we believe that it is the campus' best mechanism for helping faculty become homeowners. CFW recently requested information from CP/EVC Galloway regarding how recruitment allowances are distributed. Next year, CFW plans to look at this data and determine if modifications to the recruitment allowance program are necessary to help new hires purchase a home, particularly given the recent run up in median home prices.

This year, a CFW Housing Subcommittee had several productive consultations with CHES staff and took a close look at the Employee Housing Resale Pricing Program. CFW has determined that overall, the program is functioning as originally planned with the exception of serving the goal of creating funds for the Low Interest Option Supplemental Home Loan Program (LIO-SHLP), the terms of which were modified by the Office of the President such that they became unattractive.

CFW plans to continue to review two aspects of this program in particular. First, there is approximately $983,000 in revenue from the program and it is unclear what it will be used for. So the question of what to do with the liquid assets of the program still remains. One option for this revenue, which CFW considered at length this year, would be to put the funds toward the building of Ranch View Terrace Phase 2. CFW will continue to work with Steve Houser, Director of Capital Planning and Employee Housing at Colleges, Housing & Educational Services (CHES) to explore alternative options for moving forward. Second, CFW will continue to review recommendations and proposals for increases in pricing. This year, CFW has worked with Director Houser to improve the annual Employee Housing Resale Pricing Program recommendation proposals, and has requested more detailed figures on costs to homebuyers and a clear rationale for any price increase over the Consumer Price Index (CPI). This year, CFW recommended approval of the 2015-2016 proposed increase (~1.5%), which is in line with the current CPI. Future proposals with requests that exceed CPI will need to quantify the primary basis of price changes for each year and provide a clear rationale for for an increase.

[1] The "Comparison 8 Institutions" include four private and four public institutions (Harvard, MIT, Stanford, Yale, Illinois, Michigan, SUNY-Buffalo, and Virginia).

Finally, CFW has considered two additional ways to help more faculty own a home. First, one way in which progress may be achievable is to reinstitute the 40-year MOP loan. CFW is currently working with the University Committee on Faculty Welfare (UCFW) to assess this possibility, and hopes to have more to report on this topic next year. Second, another factor that can ease home ownership in an expensive market is partner employment. CFW is looking into the development of an information packet for departments and the creation of a database of current faculty partners in various fields willing to give advice to partners of new hires.

In summary, on-campus housing is an important asset for attracting and retaining exceptional faculty, enhancing overall faculty welfare, and ensuring a high quality of life. Considering the recent increases in off-campus housing prices, sufficient inventory needs to be maintained if we hope to remain a vibrant research and teaching community. Current campus housing waitlists are short, suggesting that the present inventory is adequate, though this could change with the anticipated acceleration in retirements. If the need for affordable housing increases, the campus must react quickly with higher recruitment allowances, expansion of inventory (i.e. RVT 2), and support for spousal hires to name a few. CFW will continue to assess the housing program, and provide recommendations as required.

Silicon Valley Initiative

Following the April 22, 2015 Academic Senate Meeting, which focused largely on the UCSC Silicon Valley Initiative, CFW considered various issues related to research, teaching, salaries, housing, and academic community, that might be particular to a Silicon Valley (SV) campus if UCSC moves forward with the initiative. Members agree that long-term success of the initiative will hinge, in part, on the ability to attract and retain exceptional faculty to the Silicon Valley Campus, and that advanced planning for general strategy and necessary resources is prudent.

In their correspondence of July 15 2015 to Chancellor Blumenthal and CP/EVC Alison Galloway, CFW recommended that in order to have a genuine intellectual presence in SV, the programs and courses should be mostly taught by tenure track faculty, but recognized that a lack of access to Ph.D. students may affect faculty productivity. CFW recommended that some accommodations be made for SV faculty to sponsor Ph.D. students on the main campus if so desired and that a different set of standards might be required in the evaluation of research merit of SV faculty relative to the research done by those on the main campus.

The committee recognized that many faculty are here due to the high quality of life offered by the natural environment of Santa Cruz, despite the lower total remuneration and high cost of living. CFW noted that attracting top faculty to SV will create distinct challenges for UCSC particularly in terms of housing, since housing in the valley is more expensive and faculty will likely need additional support, either in the way of higher salary and/or other benefits, such as housing allowances, MOP loan limits, and possible campus housing or rental units in SV. Further, if in order to cover curricular needs at the SV campus, some Santa Cruz based faculty might be required or given the opportunity to teach in SV, additional considerations (i.e. financial incentives) might be required to address the impact of commuting.

CFW proactively raised these issues so that they may be addressed during the planning stages for Silicon Valley. The committee recommends that full program proposals for the SV Initiative be clear about the resources required and consider all program expenses, including those associated with faculty welfare, recruitment, and retention.

Online Education

Over the past three years, CFW has urged ongoing and substantive analysis of the resources and shared governance arrangements necessary for the development and maintenance of high quality online education at UCSC. In last year's annual report, CFW offered such questions for consideration as: 1) Are the online courses resulting from the requests for proposals to be part of a larger plan, or are they isolated pilot projects that can be used to judge faculty interest and teaching effectiveness? Is there a long-term campus plan? 2) To what extent will the Academic Senate be involved in the selection and approval of these courses? 3) What is the relationship of resources the system and campus commits to online courses with those for teaching in the classroom? 4) Has the claim that UC can teach more students with fewer instructors been rigorously analyzed, and if it does not hold, what are the implications for campus planning for online courses? 5) What is the relationship between the Innovative Learning Technology Initiative (ILTI) and the UCSC Cross-Campus Enrollment Online Courses? 6) By what standards will we evaluate the effectiveness of an online course and will both the measures and results be shared?

In 2014-15, clarification was received regarding some of the questions above, while others remain to be addressed. The senate was brought into the online course proposal assessment process at two points: the Online Education Proposal Review Committee (OEPRC) and CEP. CFW lauds these developments, although further coordination might smooth out procedural hurdles. For example, a representative of CEP should probably be part of the OEPRC. As for long-term planning, the campus appears hampered by the rigid preference of the ILTI program for fully online courses, which does not match UCSC's activity profile. While there is a great deal of experimentation with online technology and hybrid classrooms on this campus, there is no groundswell toward fully online courses. Accordingly, there were only two ILTI proposals for OEPRC to review and forward to CEP. These proposals were tentatively approved. There were no new Coursera proposals. The campus remains reactive rather than proactive in long-term planning. VPAA Herbie Lee seeks to encourage more faculty proposals, and to this end offers development support with the assistance of Aaron Zachmeier, campus instructional designer. There has also been some movement toward further discussion of the labor involved in online course development and maintenance, in that the university's online proposal forms and contracts request that faculty spell out their labor commitments in greater detail than had been required earlier, and also in administration and senate discussion of compensation models. It is CFW's position that the labor-intensive and teamwork-based pedagogy of online course development and maintenance needs to be more fully analyzed, with contracts and compensation reflecting such understanding.

There is considerable work remaining for an adequate assessment of what online teaching means in and for UCSC. In addition to the questions raised in last year's report, we would like to add one more: what is the relationship of UCSC's online instructors and courses in Silicon Valley to the central campus?

Retirement
The University of California Retirement Plan (UCRP) is monitored by the University Committee on Faculty Welfare (UCFW) Task Force on Investment and Retirement (TFIR). The funding status of the plan continues to improve with recent market returns well above the actuarial assumption of 7.5, and employee and employer and employee contributions representing 14% and 8%, respectively, of covered compensation for the 1976 tier (employee contributions are 7.1% of covered compensation for those hired after July 1, 2013, with the exception of employees represented by certain collective-bargaining agreements). The 22% total contribution exceeds the normal cost of the plan by just under 4% of covered compensation, and the additional contributions go toward reducing unfunded liability.

As of August 20, 2015, the UCOP Chief investment officer has yet to post the 2015 quarterly reports on the funded status of UCRP, which on June 30, 2014 was roughly 80% (on an actuarial basis). The $700 million contributed to the Plan by borrowing from the University's short-term investments funds (STIP) (to be paid back from an assessment on covered compensation, added to the employer's contribution) in August, 2014, coupled with another year of 14%/8% contributions, also reduces the unfunded liability, and means that the University is essentially contributing the full ARC (Annual Required Contribution) for 2014-15; ARC is determined by the Regents funding policy and it represents that amount that must be contributed to move toward 100% funding. Assuming that the Plan continues to earn 7.5% and state contributions are not lowered, 100% funding could be achieved by as early as 2035.

On July 24, 2015, the UC Regents convened to consider a budget package negotiated between the state and UC in June that will provide additional funds for UCRP, contingent upon the implementation of a Tier 3 retirement plan with reduced benefits. The latest budget update includes a "promised" contribution of $436 million to the unfunded portion of the UCRP over 3 years, but with only $96 million firmly committed in the first year, the remainder to be allocated in subsequent years. Complete details of the Tier 3 plan have yet to be finalized, but it would have an inflation indexed PEPRA limit ($118k in the current year) as opposed to the IRS limit of $265k currently used by UCRP. Employees would have the option of a Defined Benefit (DB) plan and a supplemental Defined Contribution (DC) plan with the PERPA cap applied to the DB portion of the plan, or they could opt for a full DC plan without cap. When implemented, the proposed Tier 3 would only apply to faculty hired after 2016.

Transportation and Parking
This year, a CFW representative served on the Transportation and Advisory Committee (TAC) which met several times during the year. In addition, CFW was asked to comment on proposed increases to the vanpool and bus pass fees, as well as a three year fee increase proposal that would affect the majority of parking fees and program fares. During fall 2014, CFW recommended approval of the proposed increases to the vanpool and bus pass fees as the increases appeared reasonable, but raised concerns about the lack of budgetary information provided with the proposal. CFW recommended that future TAPS fee increase proposals be accompanied by complete budget information including the approximate expenses and level of subsidy provided to each service and/or program being considered so that the committee could provide informed assessments.

During the spring quarter of 2015, CFW reviewed the proposed three year fee increase proposal, which did not include complete budget information as requested, and raised several concerns and questions for the committee regarding budget details, program support, and a lack of a clear set of guiding principles to explain the proposed increases, justify programs, and guide reviewers in assessing the appropriateness of the proposed increases and existing programs. CFW determined that although TAPS fee increases may be inevitable, neither the TAPS fee increase proposal, nor additional requested information made available, clearly justified the proposed three-year increase. CFW recognized that many students and employees have no other option than to drive to campus and cannot afford to pay higher parking fees, and recommended that more research be done to determine what possible effects such increases would have on parking and program usage and sales and suggested that options to reduce budget expenses should be considered more fully, including the level of subsidy to programs. The committee further noted that a set of guiding principles could help to determine what programs could be adjusted or eliminated to reach this desired goal.

Total Remuneration

In fall 2014, UCOP released the results of a comprehensive Total Remuneration (TR) study of UC system-wide Ladder Rank Faculty (LRF) based on data from 2009 and 2013. Total Remuneration evaluates the current competitiveness of UC's compensation and benefits for general campus, ladder-rank faculty (LRF) when compared to market, defined as the "Comparison 8 Institutions," comprised of four private and four public institutions (Harvard, MIT, Stanford, Yale, Illinois, Michigan, SUNY-Buffalo, and Virginia). TR reflects total compensation, factoring in the value/cost of health and welfare and retirement benefits in addition to salary.

In 2009, total remuneration for UC system-wide LRF was just 2% below that of the COMP 8. However, by 2014, total remuneration for the UC system declined to -10% relative to the COMP8. This was primarily a consequence of a precipitous drop in the total value of the UC retirement package as individual contributions were raised to 8% in the aftermath of the financial crisis, while salaries remained relatively flat. In 2009, the pension benefits were nearly 29% above market, in 2014 it is 2% below market. Medical benefits are 7% below market. The one benefit that raises the TR relative to market is the retiree health, which is 61% above market, though this is a relatively small % of the TR. For faculty hired with Tier 2 retirement benefits, overall TR is about 2% lower than old Tier. Some of this is being offset by higher salaries.

In April 2015, at the request of several campuses, UCOP released the campus-by-campus breakdown of the TR study. As expected based on salary data, TR relative to the COMP8 varies widely between UC campuses, from a high of +2% for UCLA to lows of -20 and -21% for UCSC and UC Riverside, respectively (excludes UC Merced). This disparity in TR, however, highlights the significance of salary differences between the low tier and high tier UC campuses, differences that are amplified through the value of retirement benefits. Any future modifications to plans that shift a greater % of the contribution to faculty, and/or reduces the benefits, lowers TR in the absence of offsetting increases in salaries.

Acknowledgments

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consulted with and/or provided information to the committee this year. Steve Houser and John Thompson (Faculty Housing), Frank Trueba (Health Care), the Academic Personnel Office (Salary Data), VC Sarah Latham (CC), Chancellor Blumenthal, and CP/EVC Galloway.

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APPENDIX A

COMMITTEE ON FACULTY WELFARE
A Brief History of Employee Child Care at UCSC and Recommendations for Moving Forward

To: Academic Senate, Santa Cruz Division

UCSC is the only UC campus that does not offer a child care program for faculty and staff. There is widespread consensus that child care would significantly contribute toward recruitment, retention, and help address equity concerns. Accordingly, in 2004, and 2009, the Academic Senate voted in favor of resolutions to provide more child care for faculty and staff.

In 2001, UC President Atkinson authorized up to $1.25 million to be made available as a matching, one-time allocation for creating a dedicated child care facility for each campus *(www1.ucsc.edu/currents/00-01/04-09/childcare.html*). UCSC committed matching funds as part of an application for Atkinson's child care funds. UCOP accepted that proposal and made a commitment of those funds to our campus.

In the early 2000s, a limited number of faculty and staff children could enter the university's student-centered child care program. However, in 2010, faculty and staff children were no longer eligible for inclusion.

In 2011, the Child Care Task Force (CCTF) issued a February 28 report, which recommended 1) quick-wins such as a web-based campus family resource network; 2) funding for initial development and operations; 3) an executive sponsor in our administration to coordinate and propel action; and 4) conversations with service providers to actively pursue both on-campus and off-campus options. In response to the CCTF report and further discussions with CFW, EVC Galloway agreed to set aside $150,000 annually for five years to support faculty-staff child care development, totaling $750,000.

In 2012-13, the university conducted informal discussions with an off-site child care facility downtown, but the arrangements were deemed unsatisfactory. There was also informal contact with the company Bright Horizons, which provides service to a number of other UC campuses. However, these UC campuses have since noted that Bright Horizons has raised its prices to the point that many faculty and staff cannot afford them.

In 2014, the UCSC Child Care Campus-Community Planning Team, supported in part from said reserved funds, issued a January 23 project report entitled, "Planning Faculty-Staff Child Care at the Granary and Family Resource Centers at UCSC." The planning team included Senate faculty members, the Early Education Services Director at the time, representatives of the Chancellor's/EVC Office, Colleges, Housing, and Educational Services (CHES), Planning and Budget, and representatives of various Santa Cruz County child care related programs. The report further reflected direct consultations with child care directors at other UC campuses. The core of the report was a feasibility study and detailed business plan (that emphasized sustainability) for a Pre-K program for faculty-staff children to be operated at the Granary building, located at the base of campus.

On November 20, 2014, CFW consulted with CP/EVC Galloway. The committee was informed that $730k of the original $750k remains and CP/EVC Galloway made a commitment to continue to hold the remaining funds for its intended purpose only, to fund child care for faculty and staff. The committee was disheartened to hear that after surveying the location, the UCSC Child Care Campus-Community Planning Team proposal for a Pre-K site at the Granary is no longer being considered due to problems with the building layout and costs associated with correcting the issues. However, the committee was encouraged to hear that the matching offer from UCOP made in 2001 is most likely still available.

CP/EVC Galloway informed the committee that the current student child care center in Family Housing will be temporarily relocated when Family Student Housing is renovated, and that a new facility will eventually be built to provide child care for a greater number of students, and potentially a number of faculty and staff. Although this sounds promising, with the chronic shortage of space on campus, the high expense of campus construction, and lack of a specific start time for breaking ground on the Family Student Housing renovation, this solution for child care seems remote.

There is no plan to remedy UCSC being the only UC campus with no child care for employees. Given the high cost of living and challenges of raising children in Santa Cruz, a permanent solution could help with recruitment and retention of faculty. Faculty demographics predict substantial hiring of new faculty in the coming years. Child care is an attraction in recruiting, but also vital to retaining the new faculty in whom we invest so much. It is not just faculty that we recruit and retain but <u>families</u>. There now appears to be monetary resources to get faculty/staff child care off the ground, what is needed is the will to immediately make good on a commitment to our faculty and staff.

In its January 16, 2015 post-consultation memo to CP/EVC Galloway, CFW recommended that an interim solution be immediately implemented using the $730k remaining from the seed money committed by the CP/EVC until a more permanent solution is found. CFW suggested that a portion of the $730k could be applied toward child care vouchers for employees with children under the age of 12, following the eligibility requirements of the new Childcare Reimbursement Program for graduate student employees that began in July 2014. CFW recognized that there must be a cap on such an expense. As such, the committee recommended that a set number of vouchers be offered each year to employees, based on eligibility, with criteria set by the Senate. A lottery could be used to determine which of the eligible applicants would receive vouchers.

Concurrently, CFW suggested that the options of an off-campus facility (managed by UCSC) be explored before the end of the 2015-16 academic year, as the options of a third party vendor and an existing building on campus have been explored and deemed unviable. An off-campus location purchased or leased and managed by UCSC has yet to be explored and could offer a more practical solution than building a new facility on campus. In addition, CFW recommends that the Child Care Advisory Committee be reinstated.

CFW invites faculty to share their thoughts on the topic at the Senate meeting on February 18, 2015.

Respectfully submitted,

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