

UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW)
Annual Report 2004-2005

TO THE ASSEMBLY OF THE ACADEMIC SENATE:

The University Committee on Faculty Welfare (UCFW) met eight times during the 2004-2005 academic year. In addition to mounting its own initiatives and reviewing and making recommendations on proposed administrative and senate policies, a major focus of the committee is to protect the integrity of existing employee benefits including the University of California Retirement Plan (UCRP). UCFW has two key subcommittees that are charged with monitoring developments and doing much of the time-consuming homework that enables UCFW to function successfully in these two important areas. They are the Task Force on Investment and Retirement (TFIR) and the Health Care Task Force (HCTF).

UCFW's Task Force on Investment and Retirement (TFIR). Under the chairmanship of Robert Anderson (UCB), TFIR played a key role in selecting Fidelity Investments Tax-Exempt Services Company (FITSCo), through a competitive bid process, to provide recordkeeping services for UC's voluntary retirement investment plans. Employee plan accounts were successfully transitioned to the Fidelity platform in mid-July. By moving to the new platform, UC made it possible for employees to receive daily valuations of their accounts, make changes that take effect on a daily basis, and have access to a new set of core fund options.

TFIR assisted the administration in identifying new funds that are appropriate investment options for UC employees. In addition, TIFR has been actively involved in the design of an investment guidance system to aid plan participants in making good investment decisions.

Another focus area of TFIR this year was the financial effect on UCRP of statewide public pension reforms that were proposed by the Governor. TFIR and UCFW vigorously oppose any pension reforms that would not explicitly exempt UC academic employees; because of the adverse effect such reforms would have on faculty recruitment and retention at UC.

A fourth issue that TFIR has been tracking closely is UC's bid to continue managing the Los Alamos National Lab (LANL). The RFP issued in mid-May by the U.S. Department of Energy requires that the work performed under the new contract be conducted by a limited-liability entity that is separate and distinct from its parent organization(s). This means that even if UC's bid is successful, current LANL employees will cease to be UC employees once the new contract takes effect. The necessary division of assets that must occur, whether UC wins or loses the LANL bid, has obvious but uncertain implications for the value of the assets held by UCRP.

UCFW's Health Care Task Force (HCTF). The HCTF has continued its important work on maintaining affordable health-care premiums and investigating possible cost-saving options for prescription drug plans, under the leadership of Chair Harold Simon (UCSD) and Vice-Chair Robert May (UCI). Beginning July 1, 2005, Health Net and PacifiCare joined Blue Cross in offering a three-month supply of prescription drugs at a two-month rate through the UC medical center pharmacies. With respect to dental coverage, at its January meeting, the HCTF met with representatives of the Delta Dental Plan to discuss current problems and future plan options as a

result of questions raised by UCFW members concerning catastrophic coverage, and the desirability of increasing the maximum yearly coverage level, among others. The HCTF learned that dental plans do not offer catastrophic coverage because, in their view, dental problems are preventable and most catastrophic incidences are usually covered by medical insurance. The administration is continuing talks with Delta on the desirability of increasing the annual maximum coverage.

Over the past two years, the HCTF has been working with UC's major health-care carriers on establishing a UC standard for health-maintenance programs. It is expected that this project will be completed by early next year.

This spring, UCFW charged the HCTF with exploring the possibility of providing UC employees with an option for long-term care insurance beyond that presently available through CalPERS. The HCTF will investigate the feasibility of extending the "elimination" period (i.e., the waiting period between the development of a covered condition and the receipt of insurance coverage for that condition); combining long-term care insurance with a form of life insurance; and combining long-term care insurance with disability insurance. This will be a major focus of the task force during the 2005-06 academic year.

The HCTF experienced a significant loss this year when Judy Gruber (UCB) passed away after a short illness. Judy was a past vice-chair and chair of UCFW and an invaluable member and contributor to the HCTF.

Budget Priorities and Faculty Salaries. Last fall, at the request of the administration, the Academic Council asked Senate committees to submit recommendations on UC's budget priorities for coming years. UCFW's primary recommendation was to restore and maintain competitive faculty salaries because competitive salaries are key to faculty quality and to sustaining the role of UC as a leading research university. The administration does not currently have a plan for enabling faculty salaries to catch up to those at its comparison-8 universities. Instead, UC's stated long-term goal is to increase the salaries of both faculty and staff by like percentages, which makes prohibitive the cost of an across-the-board increase sufficient to bring faculty salaries to parity with the comparison-8. UCFW does not believe that this is an appropriate policy for the University to follow and continues to press the administration to place greater emphasis on immediate remediation of the lag in faculty salaries vis-à-vis those of the comparison-8. UCFW fears that if the University continues to lose ground pursuant to the present policy that denies faculty differential salary increases, UC could soon be irreparably harmed.

Parking Principles. This year, Academic Council Chair Blumenthal asked UCFW to evaluate how well the campuses were implementing the parking principles that were formulated by UCFW and endorsed by the Academic Council in June 2002. The goal was to ascertain how much progress had been made and what next steps were needed to help campuses to implement these principles more effectively. The three major problems that were identified during the assessment by campus representatives were the continued lack of responsiveness from campus parking officials to faculty inquiries about parking practices and policies, replacement parking issues, and the equitable distribution of parking costs. The committee concluded that the most

effective way to address these issues would be to work with the systemwide administration on a set of parking principles that both the administration and UCFW could endorse, and that the systemwide administration could distribute to the campuses. The systemwide administration has agreed to meet with UCFW representatives this fall to begin to develop a document that will provide campuses with strong systemwide direction on parking policy. The priorities for UCFW will be credit for existing parking structures that can be applied toward replacement parking; replacement cost for non-state funded projects; all or a portion of the replacement costs from yet to be identified sources for state-funded projects; and responsible use of parking fees. UCFW has noted that other California institutions of higher learning, including the CSU and CCC systems, provide parking to employees at much lower cost than UC or, in some cases, at no cost at all.

One-Time Open Enrollment in Supplemental Disability Plan. In anticipation of the employee-paid supplemental disability plan option that will be made available to existing employees on a one-time basis during Open Enrollment in November, UCFW has been working with systemwide administrative staff to develop informational materials aimed at faculty who are not now enrolled in the plan. In recent years, the supplemental disability plan has been available only to employees who chose to enroll at the time they were hired. Offering the plan through Open Enrollment will allow those not currently covered to enroll, including those with pre-existing conditions. Since UCFW strongly believes that all faculty should be covered under this plan, it has agreed to assist administration in informing faculty of the significance of this open-enrollment opportunity.

Requests for Review. In response to requests from the Academic Council for review and comment, UCFW considered and submitted its views on the following proposals and reports:

- _ Academic Council's Resolution on Restrictions on Research Funding Sources
- _ UCP&T's Proposed Revisions to SB 336.B.4 – Statute of Limitations for Disciplinary Cases
- _ Proposed Amendment to SB 128 – Subcommittee Membership
- _ Proposed Amendment to SR 600(B) – Senate Members and Higher Degree
- _ UCAP's Proposed Modification to APM 220-19 – Criteria for Advancement to Step VI
- _ Revised APM Policies Related to Work and Family
- _ Informal Review of Proposed Revisions to APMs Related to Absences/Sick Leave, Medical Separation and General Leaves of Absence
- _ Draft Excess Units Fee Policy
- _ Systemwide Strategic Directions for Libraries and Scholarly Information
- _ University-wide Statement of Core Values
- _ Proposed Updates to UC's Electronic Communications Policy
- _ Policy on University Management of Health, Safety and the Environment

Acknowledgements. UCFW wishes to acknowledge and thank the following members of the systemwide administration for their willingness to consult regularly with the committee: Joseph Mullinix, Senior Vice President-Business and Finance; Lawrence Hershman, Vice President-Budget; Judy Boyette, Associate Vice President-HR&B; Ellen Switkes, Assistant Vice President-Academic Advancement; and Jill Slocum, Coordinator-Academic Advancement.

The committee especially wants to acknowledge and thank University Treasurer David Russ for his valuable stewardship of UC's investments, including the assets of UCRP. UCFW wishes Mr. Russ well in his new capacity as chief investment officer for Dartmouth College as of August 1, 2005.

The committee also expresses its gratitude to Michele French, Director of HR&B Policy and Program Design, for her patient consultation and invaluable contribution to UCFW and the UCFW Health Care Task Force over recent years. UCFW wishes Michele the very best in her well-deserved retirement.

Respectfully submitted,

John Oakley, Chair (UCD)

Raymond Russell, Vice-Chair (UCR)

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Douglas Morgan (UCSB)

Roger Anderson (UCSC) Fall

Paul Ortiz (UCSC) Spring

Henry Jay Forman (UCM – Guest)

Daniel Mitchell (UCLA – Member-at-Large)

Harold Simon (UCSD – Member-at-Large; Chair, HCTF)

Robert Anderson (UCB – Representative of UCRS Advisory Board; Chair, TFIR)

John Craig (UCSF – Chair, Council of UC Emeriti Association, *Ex Officio*)

George Blumenthal (UCSC – Chair, Academic Senate, *Ex Officio*)

Cliff Brunk (UCLA – Vice-Chair, Academic Senate, *Ex Officio*)

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