

**Office of the Academic Senate**

500 Parnassus Ave, MUE 230  
San Francisco, CA 94143-0764  
Campus Box 0764  
tel: 415/476-1307

[academic.senate@ucsf.edu](mailto:academic.senate@ucsf.edu)  
<https://senate.ucsf.edu>

Ruth Greenblatt, MD, Chair  
David Teitel, MD, Vice Chair  
Arthur Miller, PhD, Secretary  
Jae Woo Lee, MD, Parliamentarian

February 8, 2015

J. Daniel Hare, PhD  
Chair, Academic Council  
Systemwide Academic Senate  
University of California Office of the President  
1111 Franklin Street, 12th Floor  
Oakland, CA 94607-52000

Re: UCSF Review of the Retirement Options Task Force Report

Dear Dan:

The San Francisco Division of the University of California Academic Senate has reviewed the Retirement Options Task Force (ROTF) Report and now submits our comments on the proposed new UC Retirement Plan (UCRP) tier. The proposed 2016 tier limits the amount of covered compensation that can be used in calculating retirement income to the 2013 PEPRA legislation (\$117,020 in 2016), which was designed to address instability and the high cost of the California Employee's Pension System (CalPERS). The report outlines two options for addressing this obligation. First, Plan A would allow for a traditional UCRP defined benefit (DB) program up to the PEPRA cap; and institute a supplemental defined contribution (DC) plan up to the IRC limit of \$265K for UC employees after they pass the PEPRA cap. As an alternative, UC employees would be allowed to enroll in Plan B, which is a DC plan. ***On the whole, the UCSF Academic Senate finds that the proposed new tier, if implemented, would represent not a shift in benefits, but a cut to remuneration currently enjoyed by all UC employees. Therefore, the San Francisco Division cannot support these recommendations due to the negative impact that they will have in the recruitment and retention of quality Health Sciences faculty.*** These comments are based on the analysis of these recommendations within our Division, along with formal comments from three divisional committees – Academic Planning and Budget (APB), Committee on Faculty Welfare (CFW), and Equal Opportunity (EQOP). We first note the main objections to this policy, then go into greater detail on how the proposed 2016 tier will further exacerbate ongoing challenges in recruitment and hurt diversity, and finally, remark on some issues with respect to the data and modeling within the report itself.

***Applying the PEPRA cap upon UCRP misses distinctions between many UC faculty and employees and State employees:***

- Many UC faculty and employees are hired after extended graduate and postdoctoral training, and thus they enter the retirement system much later in life than other types of California public workers;
- Many UC faculty are hired at salaries close to or at the PEPRA cap; thus the limits of the new tier will have great impact on their retirement benefits;
- UC staff and faculty tend to have significant educational debt, which requires repayment during the first decade of UC work, making them particularly needful of defined benefit type plans.

***The 2016 tier would disproportionately impact Health Sciences faculty:***

- While the 2013 remuneration data shows that UC faculty salaries lag comparator institutions, the salary discrepancies for the Health Sciences are likely much greater since we must compete with employers in industry and health care sectors as well as other academic institutions. UC also does not offer the tuition benefits that are commonplace among our academic competitors. The lag in salary exacerbates the disadvantages of the new tier, since faculty will have less income to electively contribute to retirement savings.
- The aforementioned long duration of training, along with educational debt, are particularly common among Health Sciences faculty, both for clinicians and non-clinicians. In addition, staff at UCSF (and other UC medical centers) are highly specialized and often carry relative high debt loads as well, since many of them have earned graduate degrees and had post degree training.
- The savings produced by the proposed new tier would also be minimal for the Health Sciences, in which few faculty and staff are supported by State funds to UC. Health Sciences faculty and staff salaries are largely funded out of clinical income and research grants.
- Differences in the source of the employer contribution (extramural grants and clinical revenue versus 19900 funds) was apparently not modelled by the ROTF, so that the estimated cost savings for the significant UC Health Sciences employees are likely greatly overestimated (see below).

**Negative Impact on Recruitment and Retention in the Health Sciences**

Application of the PEPRA cap in UCRP imperils President Napolitano's stated goals of maintaining "retirement readiness" for faculty, and ensuring the "competitiveness" of UC (APB, CFW). This action would likely substantially challenge recruitment of new Health Sciences faculty, as many faculty in these fields are hired at salaries that exceed the PEPRA cap of \$117K. Candidates for UC recruitment will inevitably compare the benefits here to those at peer health science institutions, clinical organizations and industry. In addition, the new tier does not incentivize the mid-career faculty to remain at UC. With respect to the recruitment of skilled clinicians, the medical centers also have a broad mix of competitors. Besides such premier institutions as Stanford University, UC medical centers also compete with other health systems, such as Sutter Blue Health and Kaiser, for its faculty, clinicians, and highly-specialized staff. The California Health Care Almanac recently reported that the Permanente Medical Group (TPMG), which is Kaiser's physician arm, and employs over 2,600 physicians, is widely recognized to hold an advantage over UCSF in the recruitment of physicians, especially for primary care physicians.<sup>1</sup> As UCSF continues to expand its network in the East Bay, the implementation of the 2016 tier will only exacerbate these challenges in the recruitment of top physicians.

Within the Health Sciences, there is a high demand for faculty who have professional degrees combined with additional advanced training. For example, there are significant numbers of "research physicians" at UCSF, many of whom have earned additional graduate degrees, and/or engaged in prolonged periods of training. Once training is completed, these highly desirable faculty arrive at UCSF in mid-life, often with heavy debt burdens, which limits their ability to fully fund either a supplemental (Plan A) or sole (Plan B) DC plan. For their individual retirement plans to catch up to individuals who entered the workforce with less training, these very highly trained faculty candidates seek out employers with particularly supportive retirement plans. As noted above, these factors are much more significant for UC faculty than participants in CalPERS, and thus applying the PEPRA limit to UC faculty produces a disproportionate burden. Another distinction concerns the Health Sciences Compensation Plan (APM 670) and professional faculty in other disciplines. By in large, faculty in certain other disciplines, and especially those with ten-month appointments, can engage in rather lucrative consulting arrangements, which adds to their total remuneration. At UCSF, 12-month appointments are the norm, and heavy consulting commitments are discouraged; we want faculty to apply their efforts here and not in outside work to fund their retirements.

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<sup>1</sup> See the [January 2016 California Health Care Almanac Issue Brief](#) from the California Health Care Foundation.

What is more, UCSF's recruitment efforts are challenged by high living expenses in San Francisco, which are in a continued upward trajectory with the influx of high-tech companies and their employees. Relatively low faculty salaries will only exacerbate the cost-of-living problem further, making it ever more difficult to recruit and retain the highest quality faculty (CFW).

### **Equality and Diversity**

UCSF's Committee on Equal Opportunity notes that the effects of prolonged training, educational debt and the high cost of living are likely to be particularly impactful for first to college and other disadvantaged groups. California, as one of the most ethnically diverse states, should have a diverse faculty. Indeed, the UC Regents' Policy 4400, also known as the [University of California Diversity Statement](#), notes that "Because the core mission of the University of California is to serve the interests of the State of California, it must seek to achieve diversity among its student bodies and among its employees. ... Diversity should also be integral to the University's achievement of excellence." The proposed 2016 UCRP tier will only undermine diversity by disproportionately impacting recruitment of diverse faculty because of its failure to account for prolonged training and educational debt. As a group, UC's lower salaries, combined with debt, make it more challenging to save sufficient funds in either Plan A's supplemental DC plan or Plan B's DC plan to adequately finance their retirement.

### **Estimating the Impact of the Proposed New Tier on Cost Savings**

It is useful to note that about 35 percent of all UC employees are based in the Health Sciences. Because the employer contributions to retirement funds for Health Sciences employees are largely supported by research grants and clinical revenues, not 19900 funds, the actual savings to UC that would accrue from application of the proposed new UCRP tier are likely to be much less than current models estimate. Also the use of Health Sciences comparators in assessing retirement funding options is laudable, but the comparisons are inadequate without an assessment of total remuneration, since short-comings in retirement benefits can be offset by greater compensation.

***In summary, the UCSF Academic Senate cannot support the ROTF recommendations, and we encourage the President to work with the faculty and the Governor to more accurately assess savings, to consider total remuneration, the potential impact on the recruitment and retention of Health Sciences faculty and employees, and on the effort to diversify UC faculties.*** If a 2016 UCRP tier will be implemented in a fashion similar to that which has been proposed, the UCSF Senate reluctantly suggests marginal supplemented benefits, which may reduce the negative impact, but by no means will eliminate it. Two recommendations include introducing some kind of student loan repayment program, which can be targeted to support diversity and increasing faculty salaries. However, with respect to the latter, general faculty salary increases (like the systemwide 2015 three percent increase), are not applied equally to Health Sciences faculty because their salaries are by-in-large not funded by 19900 funds. When combining the reduction in retirement benefits with lagging salaries and cost-of-living challenges, these factors will eventually lead to a reduction in the overall academic quality of UCSF as a top university, and educators and researchers will go elsewhere.

Thank you for the opportunity to opine on these important recommendations. If you have any questions, please do not hesitate to contact me.

Sincerely,



Ruth Greenblatt, MD, 2016-18 Chair  
UCSF Academic Senate

CC: David Teitel, Vice Chair, UCSF Academic Senate  
Hilary Baxter, Executive Director, Systemwide Academic Senate

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**Communication from the Academic Planning and Budget Committee**  
**Chad Christine, MD, Chair**

February 1, 2016

TO: Ruth Greenblatt, Chair of the UCSF Academic Senate

FROM: Chad Christine, Chair of the Academic Planning and Budget Committee; and Russ Pieper, Vice Chair of the Academic Planning and Budget Committee

CC: Todd Giedt, Executive Director of the UCSF Academic Senate Office

RE: Review of the Retirement Options Task Force Recommendations

Dear Chair Greenblatt:

The UCSF Committee on Academic Planning and Budget has read and considered the recommendations of the Retirement Options Task Force, and has several concerns about the proposed changes in retirement plans for UC and UCSF employees. These concerns fall into three general categories:

1. **Overall effect of the plan on retirement benefits:** With salaries that are below our comparators, for both staff and faculty, the retirement system has been one of the few remaining incentives for employment in the UC system. The 2016 tier, as proposed in the report, represents not a shift in benefits but rather a substantial cut in benefits and total remuneration in comparison the 2013 tier. Because the 2013 tier was essentially neutral, benefits-wise, relative to the UC's comparators and substantially behind salary-wise, the 2016 tier will put UCSF employees further behind in both salary and benefits. We are additionally concerned that salary increases, which have been historically difficult to institute, remain the only means to cover the gap in benefits the proposed plan creates. The existing UCRP is a well-funded and well-reasoned plan with small and resolvable deficits. The proposed plan, in contrast appears hastily considered, was not based on a full range of options, and was designed to address a fiscal problem that could be resolved by less drastic measures.
2. **Effects on recruitment and retention** – A total remuneration package that continues to fall further behind that of our comparators will limit our ability to recruit the best and brightest to UC and UCSF. Furthermore, although younger hires may be less concerned with retirement packages at the outset, the proposed 2016 tier begins to limit retirement benefits at mid-career, which is exactly the point at which many individuals reach their peak performance. As such the proposed plan increases the temptation for successful mid-career employees to leave the university, and also limits our ability to recruit mid-career individuals with proven records and abilities.
3. **Equality** – The proposed plan creates inequality among faculty and staff in at least two ways. First, new hires post 2016 will receive retirement benefits that are significantly less than those of previous hires. Such approaches do little to encourage co-operation and instead begin to drive wedges between different groups of faculty and staff. Second, the institution of the PEPRA cap will impact UC employees, and UC campuses, disproportionately. Those individuals with higher pay scales, and in particular those in law, business, economics, engineering, and health sciences, will have their benefits limited earlier and more extensively than other UC employees. This is a particular concern for campuses such as UCSF that have a high proportion of individuals on the Health Sciences compensation plan and who are already relatively disadvantaged with respect to covered compensation. The proposed plan amounts to a targeted cut to those programs (science, biotechnology, engineering, health care) that most Californians agree have helped build our vibrant economy. To support an expansion of STEM-based education while at the same time targeting faculty in these areas makes little sense.

In summary, the UCSF Committee on Academic Planning and Budget is deeply concerned about the ramifications of the recommendations of the Retirement Options Task Force should they be implemented. The recommendations as presented do not solve any existing problems in the UC Retirement Plan and rather are likely in our opinion to create new problems with recruitment, retention, and the willingness of the faculty and staff to pull together to tackle the complex problems we face in our jobs on a daily basis. We cannot support these recommendations as presented and encourage the President to work with the faculty and the Governor to devise a plan that more fairly compensates UC and UCSF employees for their often career-long efforts. The absence of such a plan will force UCSF to work with other health care campuses to find ways of plugging a new and unwarranted hole in our compensation program.

Sincerely,

Chad Christine, MD  
Chair of the Academic Planning and Budget Committee

Russ Pieper, PhD  
Vice Chair of the Academic Planning and Budget Committee

## Communication from the Faculty Welfare Committee

Leah Karliner, MD, Chair

February 2, 2016

TO: Ruth Greenblatt, Chair of the UCSF Academic Senate  
FROM: Leah Karliner, Chair of the Faculty Welfare Committee  
CC: Todd Giedt, Executive Director of the UCSF Academic Senate Office  
RE: Review of UC Retirement Options Task Force Report

Dear Chair Greenblatt:

The members of the Faculty Welfare Committee have reviewed the Retirement Options Task Force report and all of the supporting documentation provided by the Office of the President and Academic Senate. Based on the information and analysis provided, the members of our committee vigorously oppose the university's agreement with the state to implement the Public Employee's Reform Act (PEPRA) cap on covered compensation. Faculty Welfare Committee members believe that the implementation of a cap will:

- Make Recruitment and Retention of Talented New Faculty and Staff More Difficult: The reduction in retirement benefits under the new tier will make it more difficult to recruit talented new faculty and staff who could receive higher compensation and benefits elsewhere. In addition, once a faculty member reaches their mid-career, the new tier does not incentivize the individual to remain with the institution. The PEPRA cap agreement is a direct threat to President Napolitano's stated goals of maintaining "retirement readiness" for faculty, and to maintaining the UC system's "competitiveness."
- Reduce Overall Faculty Remuneration: As the 2014 Faculty Remuneration Study proved, UC already lags peer institutions in terms of salary and benefits. Additionally, UC also does not provide certain benefits that our peer institutions do, for example tuition waivers for dependents. The implementation of the proposed new tier will eliminate the one bright spot in faculty compensation, retirement benefits.
- Exacerbate UCSF's Cost-of-Living Problem: Living expenses in San Francisco Bay Area are extremely high, and are in continued upward trajectory with the influx of high-tech companies and their employees. As faculty salaries remain relatively lower than those at comparable research universities, any further reduction in compensation will only exacerbate the cost-of-living problem for future faculty, making it ever more difficult to recruit and retain the highest quality faculty.
- Not be Adequate as the Additional Value Provided by the DC Supplement is Insufficient: The supplemental is not adequate to mitigate the negative effects of the PEPRA cap on recruitment, retention and timely retirement.
- Disproportionately Affect HSCP Faculty: The difference in salary coverage between this proposed tier and the 2013 tier is the largest for those faculty members with the highest starting salaries. This low retirement benefit will likely have a substantial impact on recruitments as prospective health science faculty will inevitably compare the benefits to those at peer health science institutions.
- Lead to an Overall Reduction in University Quality: When combining the reduction in retirement benefits with lagging salaries, cost-of-living challenges, all factors will eventually lead to reduction in the overall academic quality of UCSF as top educators and researchers will go elsewhere.

Thank you for your consideration of the Faculty Welfare Committee's comments. If you would like any additional information, please contact me, or Senate Analyst Artemio Cardenas at [artemio.cardenas@ucsf.edu](mailto:artemio.cardenas@ucsf.edu).

Sincerely,  
Leah Karliner, MD  
Chair of the Faculty Welfare Committee

February 1, 2016

Ruth Greenblatt, MD  
UCSF Academic Senate  
500 Parnassus Avenue  
San Francisco, CA 94143

Re: The UC Retirement Options Task Force Report

Dear Chair Greenblatt:

The UCSF Academic Senate Committee on Equal Opportunity (EQOP) reviewed the Retirement Options Task Force Report. EQOP appreciates this opportunity to review the report and respectfully submits the following comments.

**General Comments**

UC has lower compensation when compared to other institutions. UCRP has helped bridge that gap to make our institutions more attractive in terms of recruitment. With these new changes, EQOP has serious concerns about the potential impacts on recruitment and retention:

- Increased faculty turnover. An appointment at UC will likely be seen as a stepping-stone to another institution with better compensation.
- Specifically for UCSF, our institution is already experiencing diminished morale due to the lack of operational excellence and unfavorable space planning. The reduction in private and adequate office space is already affecting our ability to recruit. The proposed reduced retirement package will only add to making UCSF a less desirable place to work and less competitive compared to private and more robustly funded institutions.

**Impact on Underrepresented Groups**

EQOP's overarching concern is that these barriers to recruitment and retention will only further amplify the pipeline issues surrounding recruitment and retention of underrepresented groups. Many faculty candidates who come from disadvantaged backgrounds will often have more educational debt and fewer family resources. Reducing retirement benefits in coupled with lower compensation and the incredibly high cost of living for some of the UC campuses such as UCSF will make it very difficult to recruit diverse faculty. The University is struggling to recruit diverse faculty; by removing one of the most attractive benefits to joining our campus, we are incrementally narrowing the pool. Thus, the proposed changes of the UCRP will have a disproportionately negative impact on future URM faculty recruitment and retention.

Thank you again for the opportunity to opine.

Sincerely,



**Janice Tsoh, PhD**  
Chair, UCSF Academic Senate Committee on Equal Opportunity