

May 18, 2012

RALPH HEXTER, PROVOST AND EXECUTIVE VICE CHANCELLOR

RE: Benefits Decentralization Issues Whitepaper

The campus issued a Benefits Decentralization Issues whitepaper in January 2012.

The Davis Division of the Academic Senate forwarded the referenced proposal to all divisional standing committees as well as Faculty Executive Committees within each college/professional school. Comments were specifically requested from the Committee on Planning and Budget and the Committee on Research.

Majority Consensus: Both the committees that responded (Planning and Budget and Committee on Research) agree that the decentralization represents a major change to departmental operations across the campus and both committees have significant concerns with this proposal.

Committee on Planning and Budget (CPB)

CPB has reviewed the Benefits Decentralization Issues Whitepaper. This decentralization represents a major change to the operation of departments, and a major transfer of the responsibility for costs directly to the departments in the absence of enhanced revenue streams. In many cases, given our HR policies and labor agreements, it will not be possible for a department to terminate employees simply because they cannot cover the increases in benefit costs. Given this shift, there must be a simple and quick way to address problems that can and will arise. CPB suggests that this mechanism be set up at the Provost's level in order to allow problems to be rapidly solved. In addition, this decentralization will clearly lead to uncertainty at the department level. For example, how will departments handle increases due to merits and promotions, inflation, additional benefit costs...? If the Dean negotiates a retention offer, how will the department cover the additional costs? CPB recommends that there be a written MOU for the department budget negotiated between the department chair and Dean that addresses this and other budget issues. Finally, CPB has concerns that this benefits model, in fact the new budget model itself, introduces problems with non-college or school units. For example, the indirect costs for some grants flows to the VC for Research or an ORU, whereas personnel and associated expenses are taken at the college, and in many cases the department level. The incentives and dissociation of accountability for covering costs from allocations poses a severe risk to our academic programs.

Committee on Research (COR)

COR reviewed the Benefits Decentralization Issues Whitepaper. COR strongly believes that the decentralization will occur regardless of the comments the committee provides

and that this proposal, with such substantial impact on the faculty, should have been presented in a much more transparent fashion and the Senate should have been involved and consulted much earlier in the process.

The committee notes that this will be a major change in the way benefits are managed in departments and will have a major impact on faculty grants. In the future, a proposal like this that has significant impact on the faculty should be more transparent, and the Senate should be involved and consulted earlier in the process.

Sincerely,

A handwritten signature in black ink that reads "Linda F. Bisson". The signature is written in a cursive, flowing style.

Linda F. Bisson, Chair
Davis Division of the Academic Senate
Professor: Viticulture and Enology

LFB:sas