Davis Division Academic Senate

Request for Consultation Responses

Post Employment Benefits

October 21, 2010

UC is grappling with a significant unfunded liability in UCRS. The UC Academic Senate has initiated review of the Post Employment Benefits options in an effort to establish a UC Academic Senate position as well as inform all affected members.
The L&S Executive Committee has discussed the proposals by the UC President’s Post Employment Benefit Task Force.

The Committee endorses the resolution approved by the Davis Division Executive Council strongly opposing Options A and B in the Task Force report and supporting any new-tier defined benefit pension plan which is at least competitive in benefits with Option C.

Patricia C. Boeshaar, Chair
Executive Committee
College of Letters and Science
At its regular meeting on Friday, October 8, the Executive Committee of CA&ES discussed the three proposals for changes in post-employment benefits. The EC unanimously expressed its preference for Option C.

Option A differs the most from the other options at salaries below the maximum of Social Security covered compensation. Salaries below the maximum of Social Security covered compensation are primarily those earned by staff rather than faculty. These staff, who often have much more general skills than highly specialized faculty, will leave unless UC compensates them in another way. Savings from Option A are, therefore, likely to be illusory.

Option B purports to save money only by overlooking the disharmony created in academic units. Especially for faculty, disparate conditions for employment lead to trouble. Few would propose that any faculty hired after 2013, whether as assistant professors or as holders of endowed chairs, be required to teach one more course per year than their colleagues while having the same responsibilities otherwise. Perhaps such increases in teaching loads would not cause trouble if they were even more extreme, as when most new hires would simply be lecturers. By analogy, were all new hires after 2013 to be part of a defined contribution plan, the change might work. Option B, however, retains the defined benefit plan. Option C has the advantage of being closer to the current plan.

To reiterate, the Executive Committee of CA&ES supports Option C because it is the plan most consistent with the goal of sustained excellence at the University of California.
The Committee on Planning and Budget has studied and discussed the report of the PEB Task Force. CPB recognizes the need for action on this issue and we commend the administration for pushing forward on this. CPB feels any choice between the various models proposed should be guided by three principles.

1) Competitive: Any plan must be competitive with the market, both for those already in the system and those joining the system. The future of the University rests with the quality of the faculty and staff. Our ability to attract and retain excellence must not be further comprised.

2) Commitment to current employees: The university must honor the spirit of the UCRP commitment under which people were hired. If all other parameters are fixed, this, for example, would require that employee contributions should not rise above 7%.

3) Equity: There must be an effort to preserve equity, as much as possible between current and new employees hired after 2013. The creation of a two-tiered system would have a detrimental effect on morale within departments. One means for achieving this goal would be to ensure that both groups have the same maximum age factor 2.5.

There are several other issues that CPB wishes to bring forward at this time:

- Some plans addressing the issue of retirement compensation based on summer salary should be formulated. For example, a defined contribution plan for this compensation would be a plus for the faculty who receive external support for the summer. This could act as an incentive for seeking external support.
- CPB endorses the financing plan to back-fill the ‘debt’ as early as possible.
- Issues surrounding disability must be addressed. People should not suffer if decisions made, based on assumptions of a ‘normal’ life, are disrupted by disability, illness or other factors outside their control.