

**The University of Washington  
Faculty Council on Retirement, Insurance & Benefits**

The Faculty Council on Retirement, Insurance and Benefits met Thursday, **October 26, 2000** at 9:00 a.m. in 36 Gerberding. Chair Diane Martin presided.

**PRESENT:** *Professors* Boxx, Brandt, Kochin, Waaland, Frey and Martin. *Ex Officio* \*Baylor, \*Henley, Dwyer, \*Chamberlain, Dougherty. *Special Guests* Mary Coney and Brad Holt. (\*with vote).

**ABSENT:** *Professors* Bliquez, Breidenthal, Lamont and Kuhr. *Ex Officio* \*Stowitschek, and Olswang.

**Minutes from May 31, 2000** were approved as written.

**Welcome to New and Returning FCRIB Members**

Chair Diane Martin and Faculty Senate Chair Mary Coney welcomed all new and returning members to the first 2000-2001 FCRIB meeting and thanked them for taking time out of their demanding schedules to serve on this important council. Coney stressed that she believes that the real work of faculty governance gets done in these councils and she applauded council members for their willingness to do this work. Chair Martin disclosed that she might not be able to attend all the Senate Executive Committee meetings and asked if someone would serve as an alternate in her absence. Karen Boxx volunteered.

**Prioritizing Issues for 2000-2001**

Chair Martin asked each council member to voice his or her ideas for topics that FCRIB should focus on this year. Professional Staff Organization (PSO) representative Marge Baylor mentioned that the PSO is interested in rising healthcare costs and in how to find information on retirement plans other than TIAA-CREF. Waaland agreed that the rise in benefits costs, especially healthcare costs, was an important issue. Brandt said she would like to see the council provide more information to the faculty and help faculty understand the pros and cons of benefits like long term care; FCRIB should be an advocate for faculty. Katy Dwyer, the new Assistant Director of Human Resources, said she and her colleagues in Human Resources are looking forward to moving ahead with an increase in the benefits package and are looking for ways to increase benefits with or without state funds.

Frey agreed that FCRIB's role should be one of action and advocacy for faculty. Emeritus representative Ernest Henley, who is also the Co-Chair for the University of Washington Retirement Association, said he would like to see FCRIB address issues like healthcare, Social Security and legislative issues that affect retirees. Association of Librarians of the University of Washington (ALUW) representative Charles Chamberlain agreed with many council members that FCRIB needs to do a better job of informing faculty about new and changing benefits programs. He also said he would like to know what process went into changing the faculty credit card from American Express to Visa, because many faculty viewed the Amex as a "benefit." Waaland commented that he was not able to use the Amex in many places, especially in remote areas where many researchers conduct their studies.

FCRIB Chair Diane Martin observed that the only ATM's on campus were ones that charged fees to non-members. She wondered why there were no Credit Union ATM's on campus since many faculty and staff were Credit Union members and could avoid paying a fee every time they withdrew money. The council thought this was a good topic to pursue. Karen Boxx from the Law

School related an unpleasant experience she had this summer regarding her healthcare coverage. She was dropped from her health insurance, without notification, because her paperwork had not been processed correctly. What concerned her most is that someone could get dropped from his or her health insurance without even being notified; if she had been notified, she could have done something about it. Dwyer responded that the Healthcare Authority (HCA) should have notified Boxx via their automated system. She also noted that the UW's payroll system is antiquated and needs to be revamped--there need to be procedures in place to ensure that this type of thing does not happen.

Brandt added that there certainly needs to be a "notification piece" in place and that FCRIB should push for procedural audits of the notification process. Waaland mentioned another topic that FCRIB might wish to address this year: each year faculty receive brochures with catchy titles like "Ready to Go?" which refer to faculty retirement options. If faculty are already registered to retire then they are allowed to attend these seminars; however, if they are not registered they cannot attend. Waaland observed that this is backwards--how can one make an intelligent decision regarding retirement if one cannot attend these types of meetings?

#### **Discussion of the Next Legislative Session - with Vice Chair Brad Holt**

Faculty Senate Vice Chair and Chair of the Senate Committee on Planning and Budgeting (SCPB) Brad Holt met with FCRIB to discuss the upcoming Legislative session at which there is likely to be talk of a tradeoff between UW faculty salary increases and a concomitant decrease in benefits. Chair Martin stated that, obviously, faculty are lobbying for better benefits *and* higher salaries. Holt reported that the next Legislative session is going to be a tough one given the pending passage of recent initiatives. The state will have to overspend its limits just to maintain the current level of funding and to keep pace with the rising cost of healthcare. In the past, the Legislature has made a tradeoff between salary increase and benefits levels; legislators tend to view these as all "one piece." Holt said the University will be proposing a 6% raise for the first year of the biennium and 4% for the second; the reality, he fears, will not be anything close to these numbers.

Holt advised that the state does not have a current revenue problem; obviously, if certain initiatives pass, they will significantly affect revenue levels. Brandt asked what the SCPB was planning on doing to influence the salary negotiation process and also wondered what President McCormick was doing to address the salary compression issue. Holt replied that part of the salary compression problem is lack of funds and that salary funds come from a variety of sources including the State Legislature and the UW's recruitment and retention (R&R) fund. Also to be considered is the outcome of the elections: it is likely that the Democrats would vote to give all state employees the same raise. Holt said he would like to see some of the funds for faculty salary increases come from the R&R pool.

Holt asked the council for guidance on how faculty want the SCPB and the UW to respond to a possible tradeoff between salaries and benefits and hoped FCRIB would be able to draft a list of suggestions for how to handle the situation. The Chair asked how soon Holt would need the information. He replied that January 2001 would be one possible deadline, since that represents the beginning of the new Legislative term; he added that the Governor's budget would be released in December but that it may already be too late for the University to affect that budget.

Frey pointed out that retirement contributions are intimately linked to salary levels--higher salary levels mean more money into one's TIAA-CREF account. Obviously, higher-paid faculty are receiving a concomitantly higher retirement benefit. This is an issue, he believes, that FCRIB needs to make sure faculty understand. Brandt agreed that inequities like this are disenfranchising

lower-paid faculty. Chamberlain asked if the council wanted to focus its benefits discussion on health insurance or if it would be more prudent to take a broader approach. Holt replied that the cost of health insurance is definitely driving the benefits discussion. Dwyer stated that protecting contribution rates to faculty retirement funds is critical because the UW's contribution system is unique. She also urged the council to keep in mind that there is a greater population beyond faculty--staff retention often depends on the UW's benefits plan. Salaries in private industry are often higher but it is quite often the benefits package that lures staff to the UW.

Boxx remarked that benefits do address the salary compression issue somewhat, though she echoed Frey's concerns regarding retirement contributions linked to salary levels. Henley added that benefits are not taxed while salaries, of course, are. Brandt suggested, for purposes of FCRIB's recommendations to the SCPB, that the council determine which benefits to focus on: just medical? Long term care? Disability? Or, all benefits? Holt observed that the council might want to ask this question: "What is the view of faculty if faced with certain tradeoffs?" The Chair agreed that FCRIB should focus on this question and present a response to Holt.

Dougherty submitted that she would like to see FCRIB recommend that the University protect the state's contribution to retiree pensions and implement cost controls for employee and retiree benefits. She observed that when a custodian at the UW pays the same amount for healthcare as the President of the University, there is definitely a problem. The council agreed that a sliding scale benefits contribution rate was a compelling and viable idea that they should include in their deliberations. Kochin submitted that, if the UW plans to increase faculty salaries, it should also take over a larger percentage of faculty benefits contributions.

Dwyer reported that there is pension legislation pending and that UW contribution rates would be a part of the legislative discussion were it not a politically sensitive time. However, there are certain things the UW can do regarding contribution rates without the approval of the state; she said she would be glad to present these ideas to the council at a future meeting. Chamberlain remarked that he is not sure when it won't be a "politically sensitive" time to discuss faculty and staff compensation and added that not many employees come to the UW from places that contribute less to their retirement than the UW does. Dwyer said she has been surprised that the UW has not made changes to the retirement system in the past.

Frey listed some additional items that he would like to see FCRIB address this year: University participation in medical and dental coverage for retirees; UW sharing the cost of employee and retiree weight management programs; and the University releasing a study of actual dollar amounts of benefits compared to peer institutes--NOT percentages of salary--if UW salaries are appreciably lower than its peer institutions, showing benefits as a percentage of salary is meaningless. The Chair asked the recorder to distribute copies of "Peer Comparison: Benefits as a Percentage of Total Salaries for Full-Time Instructional Faculty," a study presented to FCRIB last year by Phil Hoffman and Nana Lowell.

Boxx noted that, for many younger faculty members, investing money is not an option--they have mortgage payments, tuition for children and other childcare related costs and numerous other expenses that older faculty may not have. Kochin agreed that any benefits increase should be balanced to aid all faculty. Several council members declared that a "cafeteria style" benefits package is an option they would like to explore. Dwyer advanced that the Public Employee Benefits Board (PEBB) is committed to providing healthcare coverage to families, even though this raises equity questions from single employees with no dependents. Baylor revealed that she had received an email from one Professional Staff who thought it was unconscionable that families with dependents received more benefits than a single employee with no dependents.

The Chair advised the council that Mary Coney and Brad Holt had asked her to accompany them on departmental visits to inform faculty about the work FCRIB is doing. Dwyer added that the Benefits Office tries a lot of different ways to reach faculty and staff through various benefits fairs and outreach programs; she said she has a feeling that personal contact with faculty and staff is the key--the benefits office needs to be able to accommodate more one-on-one visits. The Chair agreed that the Benefits Office has to find a way to reach the greatest number of people. Dwyer noted, too, that financial planners often contact the Benefits Office but the office is unable to release faculty and staff contact information to them; she feels it would be in employees' best interest if the UW could somehow vet these financial planners and allow them access to faculty and staff. Frey noted that you don't want vendor reps doing the financial planning as it constitutes a clear conflict of interest. Dwyer said that another possible approach would be to hire a financial planner for the UW.

Brandt commented that she recently met with a financial planner who was able to offer her projections on her retirement funds that were far better than the ones TIAA-CREF offered. The Chair noted that there are also many software packages that can assist people with financial planning and that access to products like "Quicken" might be one piece of the puzzle. Dwyer clarified that the Benefits Office does provide financial planning information to employees but it does not provide employee information to financial planners. Kochin suggested that the Benefits Office release a packet defining all the benefits that the UW provides. Henley suggested another topic that FCRIB might look into--re-employment of retired faculty.

#### **Ex Officio Voting Privileges**

The Chair informed the council that the SEC had given councils the option to grant council voting rights to the following representatives: Professional Staff, Emeritus Faculty and ALUW. She asked the council to decide which of these representatives it would like to see vote. The Chair also noted that FCRIB would eventually have Graduate and Professional Student (GPSS) as well as Undergraduate Student representatives (ASUW), though they would not be eligible to vote. Frey made a motion to allow all eligible Ex Officios to vote. Brandt seconded the motion. *The council voted unanimously to approve the motion.*

#### **Other Business**

The Chair asked council members to think about how FCRIB might best reach faculty across campus to keep them abreast of benefits issues. Council members suggested using faculty email lists, online and paper surveys and mailers. The recorder advised that FCRIB also has a web page that is linked to the Faculty Senate web site and faculty could be directed to various postings on the site via email. Boxx asked if FCRIB decisions affected staff benefits as well. The Chair replied that the state will probably lump all state employees together and added that UW faculty are just one small group of state employees. FCRIB may want to make recommendations to the Senate, then try to garner faculty support. Dwyer said the Benefits Office could pull together dollar-amount salary information by the December FCRIB meeting. She also stressed that the Benefits Office needs to know what faculty want the office to focus on.

Dwyer advised that the Health Care Authority (HCA) is the organization that oversees State Employee Benefits and that the current HCA director is resigning. She thought it might be a good idea to invite someone from the HCA to speak to FCRIB about possible changes ahead for HCA and State Employee benefits.

The meeting adjourned at 10:30 a.m. Minutes by Todd Reid, Recorder.