

**UNIVERSITY OF WASHINGTON
FACULTY COUNCIL ON RETIREMENT, INSURANCE AND BENEFITS**

The Faculty Council on Retirement, Insurance, and Benefits met on April 8, 2004, at 10:30 a.m. Chair Patti Brandt called the meeting to order at 10:35 a.m.

PRESENT: Professors: Bliquez, Brandt, Demorest, Haley, Johnson, Martin, Waaland, Whittaker

Ex-officio: Constantine, Dougherty, Dwyer, Henley

ABSENT: Professors: Boxx, Dugdale, Kochin

Ex-officio: Dougherty, McKenzie, Cameron

Guest: Randy Hodgins, Director, Office of State Relations

Synopsis:

1. Remarks and discussion: Randy Hodgins, Director, Office of State Relations
2. Subcommittee updates: Benefits Comparison, Long term Care, Tuition Waivers

Announcements

Patti Brandt asked for volunteers for next year's FCRIB chair. The time commitment is not overwhelming – perhaps 6-8 hours per month, depending on the issues.

Several FCRIB members are leaving, among them David Dugdale and Jim Whittaker. Chip Haley is retiring but will be returning to teach one class. Does this make him ineligible to serve on FCRIB? Diane Martin thinks this is the last year of her second term (NOTE: Diane's term runs through 2004-05).

There has been some discussion of changing the Council's name to Faculty Council on Benefits. The emphasis on "retirement" may be lessening participation by the very people who should be on the Council. A name change should be relatively easy to accomplish, but may require Class A legislation. Brandt will talk to Lea Vaughn.

Remarks and discussion: Randy Hodgins, Director, Office of State Relations

Randy Hodgins provided FCRIB members with copies of the 2004 Washington State Final Legislative Summary dated April 1, 2004, prepared by the UW Office of State Relations.

Hodgins introduced himself as a graduate of the UW (B.A., M.P.A.), who has worked for state legislatures in California and Washington for the past 20 years, primarily on taxation and finance committees. He told the Council he has been involved in constructing every Washington State budget since the 1989-91 biennium, a time period which has included both pre-and post-Initiative 601 budgets. Hodgins gave the Council an overview of the budget situation.

The passage of I-601, combined with various other citizen initiatives passed since 1993, ensured that Washington State budgets will continue to be a challenge; the reduced revenue stream that has resulted from various revenue reduction measures enacted by the legislature and the voters will not – even if the economy strengthens substantially - be adequate to keep pace with mandated spending requirements. The projected funding gap between the "maintenance" level budget and general fund revenues for the next biennium varies from \$700MM to \$1.3BN. Smaller investment returns on pension funds will require a big jump in state pension contributions for PERS and TRS.

There are several challenges on the horizon. K-12 teachers expect a cost-of-living allowance increase (COLA), as do UW employees. It is difficult to imagine collective bargaining being settled without a COLA. In addition, the state has been 11 or 12 years without a general tax increase. Hodgins said the situation is daunting for legislators, since no legislature thinks it's a good long-term policy to withhold COLAs, but no one wants to take the political risk of raising taxes.

Hodgins sees collective bargaining as a potential culture shock to legislators, because the packages that result from negotiations are delivered to them for an up-or-down vote with no opportunity for "tinkering." This may result in more of a "one-size-fits-all" approach for all employee groups.

The tradeoff for receiving COLAs could result in an increase in the cost of benefits to employees. If the budget remains tight, Hodgins expects to see even more of the share of benefits shifted to employees, including an increase in the employee share of pension costs. Hodgins said that the retirement supplementation issue has not been talked about this year.

When advised that an FCRIB subcommittee is working on a peer comparison of benefits, Hodgins agreed the finished product could be helpful in his dealings with the legislature. He would welcome an electronic copy of the finished product, and hopes it will be updated yearly. This would help personalize and make more specific some of the generalities legislators hear about UW funding.

Subcommittee Updates

Benefits Office: Dwyer announced that she is the Office of Financial Management's UW Rep with the unions for medical benefits. There have been several improvements to the Benefits office Website. Dwyer will send the URL for the changes, which include a new Disability Retirement Letter and information.

Benefits Comparison: Dwyer said that David Dugdale, who could not be here today, has asked for input about the layout and presentation of the Benefits Comparison project. She handed out an update to the "Common Benefits Concerns" document and asked that Council members voice their comments, or forward them to Dugdale. This document might ultimately reside on the Benefits Office Website, and possibly also on the Faculty Senate Website.

Whittaker found the document helpful; the brief narratives and the chronology make the information logical and easy to read. A checklist might also be a good way to pull people in and give them concentrated information.

Tuition Waiver Benefit: Steve Demorest reported that the subcommittee is meeting again in one week to polish the proposal, which is very close to being finished. It will then go to Human Resources, and will be shared with Harlan Patterson and the Senate Leadership. Demorest would like to see it included in the collective bargaining scenario.

Other: Dwyer said that Pete Cutler, from the Health Care Authority, is coming to FCRIB in June and can bring Long Term Care information. Brandt plans to have the Council devote time in May to planning for Cutler's visit.

The meeting was adjourned at 10:27 a.m. *Minutes by Linda Fullerton, Recorder.*