The FCC, consisting of university-wide elected faculty members, typically meets monthly both as a committee and with administrators.

The FCC is YOUR Committee. We try to represent university-wide faculty interests. Please let us have your ideas, concerns, and proposals so that we can represent you more accurately and democratically.

This report focuses on new and ongoing developments since our last report in 2008. It includes consideration of faculty compensation and trends, clarifications re: admission policy as applied to the children of employees, and fringe benefits.

I. BUDGET COMMITTEE PROCESS

For the last 25 years or so, the FCC has presented its annual faculty compensation recommendations to the BC Budget Committee (consisting of faculty, administration and student representatives) responsible for establishing annual budget proposals for approval by the Administration and the Board of Trustees.

The Budget Committee process changed in 2007 (please see last year’s FCC Report to the faculty). We understand that plans to replace the Budget Committee continue to be under consideration. In this context, the FCC did not participate in this year’s budget discussions and was not consulted re: alternative approaches to meet the budget crisis.

II. THE NEXT ANNUAL FACULTY INCREMENT COMPENSATION POOL

BC’s investments performed poorly in 2008, consistent with the nation-wide downturn in the economy that adversely affected the value of many assets (e.g., equity, fixed income securities, real estate). In response, for the upcoming fiscal year the Administration and the Board of Trustees froze compensation levels in nominal terms for individuals making in excess of $75,000 while individuals making less than $75,000 will receive an increase of 1.5%.

As you recall (last year’s FCC Report to the faculty) the FCC has recommended that the administration adopt compensation policy targets consistent with achieving articulated objectives of maintaining faculty salary levels at 90% (or more) of AAUP Category I universities by rank on a regionally adjusted cost of living basis.

This year we explained that the regional adjustment should be made in a manner consistent with the following illustration:

A. Assume that for academic year 20X0 the 90th percentile total compensation for Associate Professors in AAUP tier one schools is $50,000

B. Also, assume contemporaneous measures of nation-wide and Boston Metropolitan area Consumer Price Indices (CPI-U) are 212.425 and 232.354, respectively.

C. Based on 1. and 2. above target total compensation for Associate Professors at Boston College at $50,000 * (232.354/212.425) or $54,698 for 20X0.
D. Based on 1. and 2. above target total compensation for Associate Professors at Boston College at $50,000 * (232.354/212.425) * (1+expected regionally adjusted inflation rate) for 20X1.

III. THE DISTRIBUTION OF THE ANNUAL FACULTY SALARY INCREMENT POOL

An effective BC compensation policy is also required regarding the distribution of the salary pool. Currently, there is a wide variety of principles and approaches that deans and chairpersons use to distribute annual increment pools. We would like to help the administration develop a principled base approach to allocation of the salary pool that is transparent to faculty. If you believe you can help in this effort, please send us your suggestions.

FRINGE BENEFITS

IV. HEALTH INSURANCE

Over the next five years and by 1% per year, Boston College intends to reduce its contribution to medical premium coverage by 5%. The first 1% decrease in the percentage of medical plan cost coverage is scheduled to occur on 5/1/2009. The cost of this change will vary depending on the plan and type of coverage chosen by any employee, though the cumulative annual after-tax cost (after full implementation) should range from a low of $276 to a high of $842 in current year dollars when fully implemented.

Boston College expects to change its funding mechanism with Harvard Pilgrim from a 'fully insured' basis to a 'self-insured' basis effective May 1. The change is being made because the school believes that, over time, its total costs will be reduced on a self-insured basis (essentially via risk assumption). The school is not now changing the health plans or related benefits and believes the process to self-insurance should be virtually transparent to employees.

We are not privy to the rational that led BC to reduce its contribution to medical premium coverage, and change its funding mechanism. Consequently, we have no basis to assess these developments beyond noting that BC’s reduced contribution to premium coverage will result in increased employee premiums.

V. TUITION REMISSION

BC has changed the acceptance standards for children of employees. At present the standards that are currently being used to assess the applications of employee children are closer to those used for the regular applicant pool. We have been assured that, while these standards are stricter than in the past they remain less stringent than those applied to the regular applicant pool.

Inarguably, one effect of the change in acceptance standards for children of employees is that fewer employee children will be accepted into BC and, thus, some will not have the opportunity to benefit fully from a BC education.

In addition to changing acceptance standards, BC has fixed at eight the number of semesters over which tuition benefits will be available to children of employees. The new “hard” rule will apply to students beginning class in the fall of 2009 and thereafter. The rule will apply to children of employees enrolled in undergraduate programs in the College of Arts and Sciences, the Carroll School of Management, the Connell School of Nursing, or the Lynch School of Education without regard to academic standing. For employee children who started their undergraduate degree program prior to the
fall semester of 2009, tuition benefits will be discontinued at the end of the spring semester 2013. The administration views the hard limiting of tuition benefits to eight semesters as the codification of what had been past “normal policy.”

VI. 403 (b)

The FCC proposed that a 403(b) Roth alternative be established so that employees can diversify income tax rate risk. It is our understanding that the Benefits Office is considering creating this option.

We also suggested that the Benefits Office solicit proposals from investment firms to service 401(k) and 403(b) participants, e.g., Vanguard and Barclay’s Capital, to identify those organizations that are offering optimal terms (e.g., desirable investment alternatives and / or low cost fund alternatives). The administration is considering this proposal.

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