

THE SENATE OF MICHIGAN TECHNOLOGICAL UNIVERSITY

Minutes of Meeting No. 263
16 October 1996

Synopsis: The Senate

- (1) elected Donna Michalek, Bill Gregg, and Ted Lockhart to be nominees from which President Tompkins will choose one person for the University General Education Committee
- (2) elected Marv McKimpson for a three-year term and Don Beck as a one-year alternate for the University Inquiry Committee (for Scientific Misconduct).
- (3) received two new degree proposals.
- (4) heard Tim Collins report from the Threat Management Team.
- (5) heard Provost Dobney report on the TIAA/CREF Retiree Health Care Benefits plan he will support.

1. CALL TO ORDER AND ROLL CALL

President Bornhorst called the Senate Meeting 263 to order at 5:32 p.m. on Wednesday, 16 October 1966, in Room B45 of the Electrical Energy Resources Center. Secretary Glime called roll. Absent were at-large senator Shapton, and representatives from Mining Engineering, IWR, KRC, and Auxiliary Enterprises. Liaisons in attendance were Geoff Roelant (USG) and Ted Soldan (Staff Council).

2. RECOGNITION OF VISITORS

Guests included Fred Dobney (Provost), Marcia Goodrich (Tech Topics), Tim Collins (School of Technology), Les Leifer (Chemistry), Karl Rundman, Duane Thayer, Lloyd Heldt, and Darrell Smith (Metallurgical and Materials Engineering), and Ingrid Cheney (Benefits).

3. APPROVAL OF AGENDA

President Bornhorst asked to strike item 7c, report on the Ad Hoc Committee on Shared Governance. Carstens MOVED and McKilligan seconded the motion to approve the agenda as amended. The motion to approve the agenda as amended PASSED on voice vote with no dissent. [Appendix A. NOTE: Only official Senate and Library archival copies of the minutes will contain a full complement of appendices.]

4. APPROVAL OF MINUTES FROM MEETINGS 260-262

Senator Beck requested a change in the minutes of Meeting 260. On page 6530, the right hand column, second full paragraph after the parentheses strike "it looks as though there is a limit of \$15,000," On page 6532, right hand column, first full paragraph, change "but accounting is at fault because" to "but accounting can be at fault when." Williams MOVED and Melton seconded the motion to approve the minutes of Meeting 260 as amended. The motion PASSED on voice vote with no dissent.

Mroz MOVED and Williams seconded the motion to approve the minutes of Meeting 261. The motion PASSED on voice vote with no dissent.

Nesbitt MOVED and Arici seconded the motion to approve the minutes of Meeting 262. The motion PASSED on voice vote with no dissent.

5. REPORT FROM SENATE PRESIDENT

President Bornhorst reported that he has sent a memo to the Administration, forwarding Senate Proposal 29-96, Sabbatical Leave. He also has sent a memo to the Curricular Policy Committee asking them to review the proposal on an interdisciplinary minor and to review the

entire issue of minors.

Bornhorst reported on University committee nominations. Two persons from the School of Business have requested to be on the same committee, Faculty Review Committee (to deal with grievances). That is contrary to the guidelines that have been used in setting up the committees. Senator Carstens suggested we should take care of the matter in the Senate; we could flip a coin. Senator Pegg asked if the Senate votes on these members or if they are volunteers. This is a university election for two persons. Pegg felt no one should be struck from the list before the university election. Senator Gale volunteered to work it out between the two candidates from the School of Business.

Nominees for University General Education Committee are as follows:

Leonard Bohmann, EE
Sarah Green, Chemistry
Bill Gregg, Geol. Sci. & Eng.
Ted Lockhart, Humanities
Donna Michalek, MEEM

Only three nominees are needed for President Tompkins. Carstens suggested that President Tompkins make the selection. Carstens MOVED and Mroz seconded the motion to send all the names to President Tompkins. Senator Keen asked if it is a good precedent to accept all the nominees. Secretary Glime agreed that it might set a precedent we would not want to follow at some future time; we should be able to advise the President on our choice of nominees. Provost Dobney asked if untenured faculty should be on this committee. Bornhorst said that one of the untenured nominees had asked three people about the workload.

The voting units were the whole Senate. The voice vote was unclear, so a roll call vote was taken.

The roll call vote was as follows:

Evensen - no	Nadgorny (Physics) - no
Glime - no	Melton (Soc Sci) - yes
Reed - no	Carstens (Tech) - yes
Walck - no	Perrott (Army/AF) - no
Whitt - no	Goldstein (Fine Arts) - no
Keen (Biol Sci) - no	Nordberg (Lib) - no
Gale (Bus) - no	Rypma (Phy Ed) - no
Williams (Chem) - no	McKimpson (IMP) - no
Shonnard (Ch Eng) - yes	Ouillette (Enroll Mang) - yes
Arbabi (Civ & Env Eng) - no	Chavis (Stu Aff/Edu Opp) - no
Sweany (Comp Sci) - no	Lutzke (Res/Univ Rel) - yes
Lewis (Elec Eng) - yes	McKilligan (HR/Fac) - yes

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Mroz (Forestry) - yes	Soldan (IT) - no
Pegg (Humanities) - no	Dietlin (Fin/Adv) - no
Olson (Math Sci) - yes	Hansen (Aca Svc Eng) - no
Arici (MEEM) - no,	Kitalong (Aca Svc Non) - no
Nesbitt (Met & Mat Eng) - yes	

The motion to send forward all five names of nominees was DEFEATED on roll call vote with 10 yes and 23 no. A secret ballot was held for the top three.

Nominees for the University Inquiry Committee (for Scientific Misconduct) are Don Beck (Physics), Peter Laks (IWR), Doug McDowell (Geol Sci & Eng), Marv McKimpson (IMP), and Willie Melton (SS). Current membership includes Carol MacLennan and Faith Morrison. One three-year and one alternate (1-year) position need to be filled, to be elected by the Senate. A secret ballot was held.

The elections Committee announced the top three choices of nominees for the University General Education Committee: Donna Michalek 29, Bill Gregg 19, and Ted Lockhart 18. These names will be forwarded to President Tompkins.

President Bornhorst reported that Bob Vercruyssen has not been given any new assignments for the university since he left the firm of Butzel and Long.

The Senate Officers met on 1 October and discussed the social security number proposal. Joe Galetto (Enrollment Management) had reported to President Bornhorst that the FERPA Committee (Family Rights and Privacy Act of 1974) will review the issue, so Bornhorst will refer the matter to that committee.

The Staff Council Handbook Committee has requested that the Senate officers write a statement of purpose regarding the Senate for the Staff Handbook.

The elections Committee announced the results of the election for the University Inquiry Committee. The votes were McKimpson 9, Beck 8, Melton 7, Laks 6, and McDowell 4. Therefore, Marv McKimpson will serve a three-year term and Don Beck will be an alternate for one year.

President Bornhorst reported on the 1995-96 Senate budget. The Senate had been allotted \$7700 SS & E and spent \$7200 last year, with an additional \$2300 on expenses of the Administrative Evaluation Committee, including \$1400 for copies of the report. Therefore, the Senate finished 1995-96 with \$1800 in the red. This deficit should be covered by the end of this year. There should be some budget flexibility for the next President of the Senate in years when there is no administrative evaluation.

Bornhorst met with Bill Kennedy and hopes he will come to one of the next two meetings of the Senate.

Bornhorst has requested that the Senate report be placed on the Board of Control agenda right after the report by the Provost instead of at the end of the agenda. This would provide input to the Board prior to their making decisions. This request has been granted for the next Board meeting.

Senator Arici stated that we should have money for Senate travel; he wanted to know the Provost's response, saying "You don't expect ME to pay for it." The Provost responded, "That's what I said."

6. NEW BUSINESS

A. Proposal 27-96, M.S. in Environmental Engineering [Appendix B]

The proposal was introduced to the Senate.

B. Proposal 28-96, B.S. in Applied Ecology and Environmental Sciences [Appendix C]

The proposal was introduced to the Senate. These two items will be at the top of the agenda for the next meeting to take to the Board of Control if passed. Questions can be addressed to Kurt Paterson for the Environmental Engineering proposal and Kurt Pregitzer for the Applied Ecology and Environmental Sciences proposal.

7. COMMITTEE BUSINESS/REPORTS

A. Threat Management Team - Tim Collins [Appendix D]

Tim Collins presented a draft of the report. Senator Whitt asked if the report covers sexual harassment. Collins replied that there is already a policy in place for this, although there is some overlap. Senator Pegg stated concern over the statement "may include dismissal, arrest, prosecution." He felt this could herd people toward this kind of punishment; there is usually a lot of doubt and such punishments could be unjust. Collins replied that these concerns more properly need be addressed in the procedures. Geoff Roelant (USG) pointed out that the first paragraph includes students, but not the last. Collins responded that student issues are covered in the Student Handbook. Ingrid Cheney (Human Resources) pointed out that it needs to deal with cases of employees against students.

B. Report on TIAA-CREF Retiree Health Care Benefits - Provost Dobney [Appendix E]

Provost Dobney presented an update on the program. He stated that he had looked at all the recommendations, including Les Leifer's tables

and charts. Dobney's goal is to make sure the program continues. The present plan was adopted in 1992 and was to be reviewed every six months. In 1995 there was a one-year suspension on prefunding. The task force reported in April 1996 and this is the Provost's response.

The original plan has an 80-point retirement eligibility, Medigap coverage, 20% copay, prefunding of past service liability, retiree health costs from current operations budget, termination possible at any time, and no window of opportunity for eligible employees upon its termination.

Dobney is proposing continuation of 80-point retirement eligibility, Medigap coverage, 20% copay for those eligible for Medicare, pay-as-you-go from current operations budget, and termination at any time for eligible employees.

The Provost reminded the Senate that these benefits cannot be guaranteed - no Board can bind the next Board to any guarantee. Therefore, a plan that is not too expensive and that has some reserves will minimize the risk of losing the plan.

In addition to continuing the items just described, Dobney proposes requiring 60% copay for those not

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eligible for Medicare. The cost of the program to MTU for a person with Medicare is one-half that for one without. Therefore, with 60% copay during the time before Medicare, the university contribution would be the same as for those with Medicare. The employee would pay 60% until age 65, and the MTU cost of \$1720.80 would be the same.

The Provost emphasized that no additional prefunding would be required. The plan provides for a 30-day window before the program can be eliminated - a provision that may be hard to sell to the Board. Dobney's goal is to package these benefits in the fringe benefits pool and not as a separate item so that it does not have to be re-approved and is not a conspicuous line item.

Dobney reported that five Michigan universities have no retiree health plan and all the others pay as they go. Northern Michigan University provided a one-time choice to enter their plan and prefunded it over an 8-year period.

Darrell Smith asked what assumptions were made for the pre-65 group. Dobney stated that it assumes people are retiring in their early 60's and that they have an 80-point accumulation.

Senator Melton asked if it includes a change to age 67 for Medicare eligibility. Dobney answered, "no." Senator Thayer asked about the task force recommendations. Dobney replied that he had maintained the 80-point retirement eligibility (not in task force recommendation), Medigap, copay (but larger percentage), and a one-month instead of a one-year notification period before termination of the plan.

Senator Arbabi stated that one month is not enough time to decide on alternatives. Dobney responded that if the plan is identified separately, it would be easy to kill it and get the money. He agreed that one month is not enough, but it is hard to sell even this much to the Board. We need to convince the Board only to cancel the program in case of an extreme financial exigency. Some Board members say we shouldn't do this at all. They claim industry is taking away these benefits and Dobney doesn't want to lose the program because he insists on one year. Senator Gale asked if the scenario included inflation and Dobney responded that it did not. Gale stated that the cost could be significant from inflation.

Senator Shonnard asked if the model assumed growth in the university community. Dobney responded that it assumed a steady state of retirees; we can't predict 30 years. Shonnard asked how long the model might be reasonable. Dobney stated that it was reasonable for three years, but that the Board would insist on 20.

Senator Leifer stated that he would like to correct a few statements. First, in June 1995, the Board asked Dobney to get an estimate from an independent actuarial group. Dobney responded that he had gotten an actuarial estimate from Alexander and Alexander. Leifer would like to see it.

Leifer continued with his second point that the Task Force made no assumption of 80 points because Dobney's previous proposal had no such assumption. The Task Force also recommended a level payment plan of \$550,000 per year. This provides a reserve fund balance and past service liability. The Board has a fiduciary responsibility and is not stupid. When the past service liability was \$140,000 less and the next year the past service liability was \$2 million more than the reserve fund balance, any responsible Board member would tell you, cut that program off when you had a surplus of \$140,000. The Provost's Task Force formed another plan that would require no tweaking until 2023. We would need to do nothing until 2020 - if we put \$700,000 in per year the program would run in perpetuity. With the Provost's Task Force recommendation, there would be no financial exigency. If we keep costs down and have a \$50 million pot, we can borrow from it. The Board may ask for a projected net cost.

Dobney stated that the Task Force didn't have to start with his plan. They were charged to come up with a plan.

Leifer stated that maybe we have a better idea than other universities. Although others have pay-as-you-go plans, there are reasons why we should prefund: 1) it is safe; 2) others didn't have Ventures; and 3) U of M has a \$1+ billion endowment to fall back on.

The Task Force unanimously agreed with the plan they proposed. There was a CPA on the task force. Leifer trusts the CPA's projection more than that of a historian. People who are now 45 may not have a plan available. Then they will definitely work until they drop dead in the classroom.

Darrell Smith asked what would happen if the federal government changes the Medicare age to 68. Dobney stated that the University would need to pay \$2150 [per person] per year for three years longer. Cheney (Benefits Office) reported that currently costs are holding stable.

Dobney added that there was no recent history of significant increase. Smith was concerned about the 45-year-olds. Dobney stated that the return on TIAA/CREF has doubled, implying that we should have the money to pay for the increases in cost. We may have to change to copay to continue the benefits.

Senator Keen stated that he is trying to buy Leifer's argument on the safe way - that this is the same Board that built Ventures and that we have no endowment; can the prefunding money be locked so that the Board can't get to it if the pot is large? Dobney responded that there is no such mechanism.

Thayer stated that the administration is great on threats, not promises. New faculty won't come if there are not good benefits; he wants promises.

Leifer responded to Keen by saying that we can't just leave it to Les Leifer to fight. We need lots of faculty and we must be eternally vigilant. On Monday night, Dobney said trust your provost. He said his top priority is to bring faculty and staff salaries to a norm, which he hasn't done. It is difficult to trust him when he hasn't kept his number one priority. Look at realism.

Dobney stated that he had only quoted what the Board said about industry eliminating retirement health

benefits. He put all that he could get into salaries, but there was a decrease in tuition revenues due to a lower enrollment.

Arbabi stated that if we save the money, we could steal it but if

we don't save any, we won't have it. Dobney asked why we should impact today's budget for something that might be needed 40 years from now. The money will be in the base budget if it is put in the fringe benefit pool and base budgets rarely decrease. It would no longer need a Board of Control thumbs up or down.

Senator Sweany asked if the fringe benefits pool is up, why are some benefits reduced; retirement benefits are not provided for the first two years of employment, according to the handbook given new faculty. He was concerned that present faculty seemed unaware of this change.

Dobney responded that when we got out of MPSERS, we had to make a decision. The best plan was TIAA/CREF. We needed to determine how we could restructure so we could maintain benefits for current employees. There has been a \$.5 million increase for health care costs. Most universities have a 2-3 year waiting period before retirement benefits accrue. This saves us about \$200,000 per year and is the least painful way to reduce costs. The switch to the PPO system has caused health costs to go up - people are going to the doctor more. Sweany repeated his concern that this change was not brought to the faculty or Senate.

Dobney responded that he had talked to the Chairs. Sweany stated that he had talked to two Chairs and neither knew about the change. Dobney added that he was not surprised, but that the Chairs had been concerned about persons hired as senior professors and therefore the eligibility age was set at 35 years (or 2 years of service, whichever came first) for these people.

Senator McKilligan asked if the Board would act on the MPSERS changes. Dobney responded that he won't ask the Board to act. The state is shifting the MPSERS burden to us and this could cost the University \$2.7 million per year. This could cause financial exigency. The cost of MPSERS will come up at the Board meeting.

Arbabi asked if the TIAA/CREF plan would also come up at the Board meeting. Dobney responded that we have graduated more students than the number who entered this year. This should be the last year of low enrollments. Next year is not an election year so we most likely won't get as big a budget increase. The \$500 million judgment against the state for K-12 education will be a huge blow to the state budget of \$8.5 billion. We must hope that the Supreme Court will rehear the case.

Leifer referred to the Task Force report given by McGarry last spring and the unanimous agreement by the Senate Fringe Benefits Committee and asked what is the procedure? Bornhorst responded that the Senate only recommends and the Administration does as they deem appropriate. The Senate constitution gives us an opportunity to give input. Leifer asked when we made any recommendations; Bornhorst replied that the Senate had already passed recommendations last spring and forwarded them to the Provost and additional recommendations should come forward from the Fringe Benefits Committee.

Senator Pegg requested that Senators be given a copy of the figures; President Bornhorst suggested that these be sent electronically.

Carstens MOVED and Lutzke seconded the motion to adjourn. The meeting adjourned at 7:24 p.m.

Respectfully Submitted by Janice M. Glime
Secretary of the Senate

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