

THE SENATE OF MICHIGAN TECHNOLOGICAL
UNIVERSITY

Minutes of Meeting 269
5 February 1997

Synopsis: The Senate

- (1) Rejected Proposal 3-97, Establishment of the MTU Research Foundation.
- (2) Heard that the Administration has rejected Senate Proposal 32-96, Policies and Procedures Regarding Tenure Track Appointments [regarding spousal hiring].
- (3) Heard that Bill Francis has been elected for a 3-year term, Carl Vilmann for a 2-year term, and Sandra Boschetto-Sandoval as alternate for the Faculty Review Committee. Sheryl Sorby was elected to the Academic Tenure Committee.
- (4) Heard Provost Dobney present the results of the benefits/budget survey and the TIAA/CREF retirement health benefits and contributions plan as he had presented it to the Board of Control on 24 January (already reported in Tech Topics).
- (5) Approved petitions to be Senate constituents from John Flynn (3/4-time faculty), Sylvia Matthews (3/4-time professional staff), and Pamela Wehr (3/4-time professional staff).

1. CALL TO ORDER AND ROLL CALL

President Bornhorst called the Senate Meeting 269 to order at 5:35 p.m. on Wednesday, 5 February 1997, in Room B45 of the Electrical Energy Resources Center.

Secretary Glime called roll. Absent were at-large senators Harold Evensen, and representatives from Army/Air Force ROTC, and Student Affairs/Educational Opportunities. Liaisons in attendance were Max Seel (Dean, Sci & Arts), Geoff Roelant (USG), and Ted Soldan (Staff Council).

2. RECOGNITION OF VISITORS

Guests included Fred Dobney (Provost), Sung Lee (Vice Provost), Kurt Pregitzer (Forestry), Bob Baillod (Civil & Env Eng), Mike Gretz (Biol Sci), Dick Heckel (Professor Emeritus, Met and Mat Eng), Marcia Goodrich (Tech Topics), and Ellen Horsch (Human Resources).

3. APPROVAL OF AGENDA

President Bornhorst requested the addition of item 7C, Administrative Structure, to be presented by Fred Dobney. Mroz MOVED and McKimpson seconded the motion to approve the agenda as amended. The motion to approve 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 MEETING 268

Carstens MOVED and Nesbitt seconded the motion to approve the minutes of Meeting 268. The motion PASSED on voice vote with no dissent.

5. OPEN MOTION TO APPROVE PROPOSAL 3-97:

ESTABLISHMENT OF THE MTU RESEARCH FOUNDATION [See minutes, page 6724, for a copy of this proposal.]

Senator Gruenberg asked if Senator McKimpson had been able to get some information on which units were intended as the research units to be represented. McKimpson responded that he could not get a definitive answer yet but understood that it would mean those not in academic units (IMP, IWR, KRC). This was confirmed

by Senator Reed and Vice Provost Lee, assuming the present reporting structure [to the Vice Provost for Research] for the directors is continued.

Baillod (Civil and Env Eng) stated that he has written two responses to the committee. The proposal has good goals. However, he doesn't believe that a foundation will move us toward them. Rather, we need to build a research culture into the academic units. He is concerned that the foundation will work against the goals. It will separate research even further from the academic programs. Researchers would be responsible to two administrations, one for teaching and another for research. Instead, he feels schools, institutes, and colleges should be vested in both functions. Departments are not recognized in the organizational chart proposed. While the proposal is supposed to speed up decision-making and policy change, his experience is that the structure would inhibit timeliness. The Kansas legislature mandated that research should be separated; this resulted in the formation of the foundation there. Research at MTU is mostly aided by the administration, and sometimes in spite of it. It has no such mandate.

Dean Seel (Sci & Arts) stated that the goals discussed by Baillod and those stated by the Task Force were the same; only the methods differed. Both agreed that it would be better to integrate teaching and research. The Heads [Chairs] and Deans on the Board would help to integrate.

Pregitzer (Forestry) stated that it was not the intent to micro manage, but to bring all the functional lines together. Changes need to be codified; the details need to be worked out. The Senate committee that reviewed the Task Force proposal had made good suggestions of more faculty and the addition of chairs.

Lee (Vice Provost for Research and Dean of the Graduate School) shares Baillod's concern IF there is really any basis for diluting instruction and research integration, but he doesn't see that dilution. He views the proposal as able to solve several problems. 1) It improves the way our research endeavors are viewed outside the university. 2) When the university can submit only 2 or 3 equipment grant proposals, often many groups start the proposals and he only learns about them later when he must make a decision of which to forward. He needs the advice of a group such as this; some of these proposals might be appropriate for foundations. 3) This group could help to eliminate some of the administrative duplication among lots of small units. 4) Although the foundation may appear to be bureaucratic, the intention is to bring together all those involved in research decisions. The outside evaluators of the graduate program said that the foundation organization had too much turf interest; it should have a contingent of outside members.

Senator Williams asked why not make an accounting maneuver instead of creating such an administrative body. Lee responded that the outside body had also expressed concern that the board was too heavily loaded with administrators. Seel responded that the President and Provost were considered to be ex officio [rather than voting] members.

Senator Gale stated that he likes a decentralized structure, a check and balance. The audit function should be independent; an outside party should be looking at the cost recovery of the research.

Lee stated that the foundation would dilute the focus from his office and have an overseeing function. There is no systematic way to review the research focus for the university; it is whoever comes in front of his desk and will not leave until getting what he/she wants. It is

tough for him to choose and he knows nothing about most proposals until the last minute. He must make all the decisions about matching money.

Williams asked how this proposal would ensure that a wider group decides on a proposal.

Lee responded that he doesn't know what is going on out there. President Bornhorst asked if the foundation would know any more about what is going on. Lee responded that we would put in a system that would require a means of finding out sooner.

Reed added that the chairs would be involved. The emphasis of the foundation should be on the concerns of individual researchers. Part of the recommendation is to find ways of recognizing "show case" attempts to combine teaching and research. Faculty have problems with research accounting - this is an attempt to bring together the various arms of personnel concerned with research so they can try to address these problems and address the questions of organizational structure.

Baillod stated that we should try to strengthen the research functions in the departments; this proposal makes them less important. The foundation board would be the same people in a new form or organization.

Gale stated that research accounting should not be under the foundation. Reed responded that the group should look at the way research and accounting interact, not necessarily be the group to oversee it. Dobney responded that the main complaint from faculty has been that accounting is not sufficiently responsive; it currently is not part of the research office.

Pregitzer stated that scholarship comes from individuals and groups of researchers who want to work together. The reorganization and growth will bring growing pains, but we need a mechanism to improve. We need to provide a mechanism to give all faculty access. The board will meet four times a year. The report includes a number of other important aspects besides the foundation.

Senator Walck stated that the main emphasis seems to be centralization. The arguments for this are to reduce redundancies and to make informed decisions and reconcile conflicts when there are competing needs. She questions why it must be a foundation to do this. Why can't it be done through the Research Office? What evidence is there from institutions that have a foundation that a foundation improves the conditions that concern us?

Pregitzer stated that most foundations have been formed to cross an administrative barrier. You can find virtually any structure you want at universities. The foundation sets policy, raises visibility, and raises the focus on research.

Senator Suryanarayana stated that MTU once had a Director of Research. That position is now merged with the Dean of the Graduate School. If there is a board, the decision-making process will be distributed - it will be harder to fight a Board. Will the rewards for combined teaching and research be taken out of the department?

Reed responded that there is currently no recognition of people who are good at both; salary and promotion and tenure rewards should remain departmental, but other kinds of rewards might be added.

Senator Richter asked if IWR could ever be represented since it is within the School of Forestry. Reed responded that the Director of IWR has direct report to the Provost for the Institute, so he/she would not be excluded. Lee stated that if IWR is part of the academic department, then it would be excluded, but in the current structure it is included because it has its own

director. Discussion ended.

President Bornhorst stated that the voting units are academic-degree-granting departments and research units, there were no objections. Proposal 3-97 FAILED on roll call vote with 10 yes, 12 no, and 2 abstentions. The roll call vote was as follows:

Glime - yes	Mroz (Forestry) - yes
Reed - yes	Pegg (HU) - abstain
Santeford - no	Gopal (Math Sci) - yes
Walck - no	Suryanarayana (ME-EM) - no
Whitt - no	Nesbitt (Met & Mat Eng) - no
Keen (Biol Sci) - no	Greuer (Mining Eng) - no
Gale (Business) - no	Nadgorny (Physics) - yes
Williams (Chemistry) - no	Melton (Soc Sci) - yes
Shonnard (Chem Eng) - no	Carstens (Technology) - abstain
Sandberg (Civil/Env Eng) - no	McKimpson (IMP) - yes
Sweany (Computer Sci) - yes	Richter (IWR) - yes
Sloan (Elec Eng) - no	Gruenberg (KRC) - yes

6. REPORT FROM SENATE PRESIDENT

President Bornhorst reported that the Administration has rejected Senate Proposal 32-96, Policies and Procedures Regarding Tenure Track Appointments. He read a letter from Provost Dobney [Appendix B] in which the Administration agrees to follow the guidelines ordinarily, except in extraordinary times; the President needs flexibility. If there is to be an exception, the President will consult with the department concerned.

Proposal 2-97, Trial Usage of Alternative Student Evaluation Instruments: Amendment of Senate Proposal 2-87, Teaching Effectiveness Policy, has been forwarded to the Administration. [Appendix C]

President Bornhorst has referred Proposal 1-97, Policy on Threatening or Violent Behavior, to the Institutional Planning Committee; referred Proposal 5-97, Certificate in Industrial Forestry, to the Curricular Policy Committee; and referred the University Closure Policy to the Academic Policy Committee for review. The latter referral has resulted from numerous complaints to Provost Dobney and the Senate President after the recent closing and weather advisories. [Appendices D-F]

President Bornhorst reported the results of the recent university committee elections. Bill Francis was elected for a 3-year term, Carl Vilmann for a 2-year term, and Sandra Boschetto-Sandoval as alternate for the Faculty Review Committee. Sheryl Sorby was elected to the Academic Tenure Committee.

President Bornhorst reported that there are still not enough nominees for the committee to work on the policy on separation. He stated that at present there are lots of NCA committees. Therefore, it is difficult to get committee members. The officers have discussed the matter and offer several alternatives. President Bornhorst could solicit members now but not ask them to start work until fall, or he could let it sit for the new Senate president to form the committee in the fall. Secretary Glime suggested that many people make their commitments to committees and other responsibilities in the spring and by fall may feel they do not have time to contribute to another committee; therefore it might be better to appoint the committee now.

President Bornhorst added that there have been a task force and a Senate committee that have done much work already. Senator Pegg asked how he could get a copy of the groundwork; Bornhorst responded that the Senate Assistant would send a copy. Senator Leifer also requested a copy.

Senator Walck stated that she agreed with Glime; we have waited long enough on this issue and need to get

moving. That seemed to be the consensus. Without objection, the Senate President will move forward soliciting nominees.

President Bornhorst announced that he has received three petition requests to be Senate constituents. The Executive Committee met and reviewed these and recommend that they be approved. Copies of the petitions were distributed by Jeanne Meyers (Senate Assistant). Petitions are from John Flynn (part-time faculty), Sylvia Matthews (part-time professional staff), and Pamela Wehr (part-time professional staff), all of Humanities. Bornhorst ruled that Senators could read them during the remainder of the meeting and vote at 7:25, there were no objections.

The Provost and officers met on 3 February and discussed the list of existing proposals.

The Senate officers have prepared the NCA report, as directed by the Senate. [Appendix G]

7. COMMITTEE BUSINESS/REPORTS

A. Board of Control Relations Committee

President Bornhorst reported that, at the 24 January 1997 meeting of the Board of Control, he had thanked the Board for waiting on the violence and TIAA/CREF proposals. He read the Senate resolution word for word to them and presented the survey report as it had been given to him by the Senate at its last meeting and then responded to their comments.

Provost Dobney presented his benefits proposal to the Board. That was followed by a heated discussion. Bornhorst had been recognized several times to respond to Board discussion on the proposal. The proposal and subsequent discussion have been presented in the 30 January issue of Tech Topics.

Senator Suryanarayana asked what kind of comments had been made. Bornhorst responded that Vercruyse had responded to the Provost's proposal by suggesting that we should force all eligible faculty to decide before 1 July to retire and get retiree health benefits or take the 2+2 plan. Under that plan, many who did not wish to retire would have only a few years of increased retirement benefits (2+2) that would not permit them to accumulate enough money to self-fund health care protection. Suryanarayana asked if the survey had any influence on the Board. Bornhorst stated that they had expressed appreciation for the input.

Senator Leifer inquired regarding the proposal that had been rejected by the Provost (32-96), asking which hires Dobney considered extraordinary. Leifer wanted to know about the half dozen that already existed. Dobney asked what cases Leifer thought had not followed normal procedures so he could respond to them. Leifer preferred not to name names, so Dobney reported that Jill Dobney had been hired following a search; Seller's wife had been an extraordinary case. Dobney was unaware of any others. Leifer said he would be happy to inform the Provost.

B. TIAA-CREF Retirement Proposals -- Provost Dobney

Provost Dobney presented the weighted results of the budget survey, as already reported in Tech Topics [Appendix H]. The results were fairly close. The most points accrued for the 2+2 plan (1346) with the second highest for a 1% salary increase (1300); prefunding received 1271 points. Dobney reviewed his philosophy for benefits, developed in 1995 in conjunction with the Fringe Benefits Committee, and with Alexander and Alexander, emphasizing the need to provide a choice for benefits. We want to offer opportunities to enhance this package so that each family can address its particular needs. We need to help employees be better informed of

the changing needs and rising costs so that they can best plan for their needs. He listed three principles used in developing his benefits proposal: 1) that retirement benefits be adequate; 2) that retirees have the wherewithal to acquire post-retirement health care; 3) that the university's liability is limited to ensure the continuation of the benefits. The Provost proposed that the present plan should be discontinued by 1 July 1997 for all future retirees. The program would no longer be reviewed by the Board every six months, but would be part of the University's annual budget process. The Provost proposed a new program be instituted. Under the new program, current employees must decide by 1 July whether they want a TIAA/CREF 2+2 plan or want an employee health care premium reimbursement program. New employees would all be given a 2+2 plan and would not have the option to elect the retiree health benefits. All individuals, at the time of retirement, would be guaranteed insurability through the University. They can elect to join the MTU group plan or they can apply to an outside firm for health benefits. Retirees electing the outside firm health plan would be reimbursed for the cost of purchasing health insurance not to exceed the amount of the MTU health care plan. The 20% copay would be waived in recognition of the taxable status of the benefit. Retirees electing the 2+2 plan would pay for their own health care premiums either from MTU or an outside firm. Failure to elect either plan by the stated date would result in being placed in the 2+2 plan.

One of the factors in determining the plan is that the University cannot offer a choice between a taxable and a non-taxable benefit because then the IRS will interpret the non-taxable benefit as constructive receipt and it becomes taxable. If we impose a bifurcation of benefits based on age or other factor, then it is not taxable. The Board of Control liked that option because the plan proposed by the Provost alternative plan would give money to the IRS that would otherwise be in the hands of the University. The plan ultimately gets the Board out of the long-term health care business and limits the Board's liability for its cost. Dobney estimated that 20-25% of the faculty would probably elect the premium reimbursement. The estimated greatest liability in a given year is less than \$600,000 (in 2014). If we were to continue the current program, it would continue until 2058; the maximum cost would be in the year 2034 at \$4 million assuming no new employees are allowed in the program. When asked by the Board about the cost of the 2+2 plan, Dobney contended that it was something he had wanted to do for several years as an enhancement to the total compensation package; it could serve as a recruiting tool because it would be higher than that offered by most other schools; we would be leaders. The University of Michigan and Michigan State University contribute only 10% to retirement and employees contribute 5%. Thus, our proposed plan would be better.

Faculty could put up to 2% into retirement or elect to begin contributing later.

When asked why faculty need be required to contribute before they could get the University contribution, Dobney responded that he wanted to force people to do the right thing. That would give them a 14.55% contribution, which should be adequate.

Dobney reported that the Board would make a decision on health care at the March meeting. Younger faculty are concerned that University money put away now for prefunding the current plan won't be here when they retire. Some of the Board members suggested that MTU should not contribute until the faculty member achieves the 80 points.

President Bornhorst stated that the Board would probably approve either the Provost's plan or a bifurcated plan (e.g. if you are over 55, you get the health care; if you are 55 or less, you get the 2+2 plan). Provost Dobney stated that TIAA/CREF says that they can do the 2+2 after someone earns 80 points, but it would be difficult to administer.

Dobney commented that President Bornhorst had provided major contributions at the Board meeting and been instrumental in helping to persuade the Board to be fair, particularly when the lawyer suggested that those wanting the health care benefit should retire by August.

Bornhorst reported that President Tompkins had several times approached the lawyer's suggestion to make it clear that the Board was through with that idea and would not pursue it.

Senator Shonnard stated that the 2+2 plan might not be sufficient for new faculty by the time they retire. Dobney responded that the 2+2 plan still permits the retiree to purchase health care at the university rate and they would have 14.55% TIAA/CREF accumulating. That money is tax-sheltered until they retire at 65 and it would require \$1800/year for medicare supplement or about \$20,000 accumulation [under current rates]; before 65, the health premium would cost \$4800.

Senator Leifer made two points: 1) If the Board says that faculty must take the 2+2 plan or health care benefits at a specific age, then there would be no tax. 2) We still have the punitive document produced in 1992 and the wording of the proposal indicates we are still using it.

Dobney responded that he could probably get the Board to eliminate the 1992 "punitive" portion, but that he did not want to confuse this issue with the issue of the benefits - this was the wrong time to ask for the change. However, he will do everything in his power to get rid of the language.

Mroz asked if the 2% faculty contribution to the 2+2 benefit reduce the SRA contribution. Dobney responded yes if someone is at their maximum for SRA's, that person will have to reduce the SRA's by 2% to get the 2+2 benefit.

Baillod (Civil & Env Eng) asked what happens if a person has another job that covers the benefit. Dobney responded that it had not been worked out yet. To get the reimbursement, one must submit the bills. Heckel (Met & Mat Eng) stated that there is a cap on personal contributions but not on the University contribution. He stated that we need effective communication of the benefits programs. Dobney responded that even those retired under the 1992 plan had never seen it.

Heckel stated that the Provost's plan says that benefits can be adjusted in the future; therefore people are still planning to use that document in the future. Dobney responded that if the current employees end up with greater benefits, then the retirees would get the same benefits. Heckel countered that 20% was the original matching contribution, but now it is variable.

Bornhorst stated that the Fringe Benefits Committee has already prepared a proposal on the [1992] plan, which we will discuss at the next meeting. That proposal was then distributed to the Senate by the Senate Assistant.

Dobney stated that he was trying to convince the Board that we can afford his proposal. Therefore, he was trying to provide them with a means of making it affordable in the future. However, he could set it up that we would increase the premium rather than the percent. We will have to adjust the cost in the future based on our experience because we are self-insured. He is willing to

remove the "subject to adjustment" clause.

Senator Suryanarayana reviewed his understanding that the premium reimbursement is taxable. The current plan is not taxable. If we have a choice between a taxable and non-taxable benefit, the IRS considers it to be constructive receipt and it is taxable. It would not be taxable if the university makes the choice for us but not if they offer a choice.

Senator Pegg asked for clarification of the meaning of "up to." Dobney clarified that it is "up to" the then applicable premium; if the premium costs less than that which is allowable, the reimbursement will cover the entire cost, but no more.

Suryanarayana asked if prefunding is dead. Dobney responded that it is unless the Board overrules his plan.

Senator Vichich stated that he would like to see the new plan disseminated so that the affected persons can discuss it. Dobney stated that it can be put on the web. Vice President Soldan reminded the Senate that it has already been presented in Tech Topics last week.

Soldan expressed concern for those persons who could not afford to contribute the matching 2%. Dobney stated that they could select the premium reimbursement. Soldan stated that it would not be an option after 1 July and could be a problem for new people. Horsch (Human Resources) stated that these people can buy in any time or contribute less than 2%.

Senator Santeford reminded us that we would be putting in 2% to get 14%.

Suryanarayana asked what the rationale is for requiring the 2% contribution from the employee. Dobney responded he believes in forcing people to do the right thing.

Pegg asked why the University Administration and Board want out of the benefits business when it would only be .5-4% of the University budget. Dobney responded that there is no way to guarantee prefunding money will be there. With this proposed plan the money will be there and the University will offer lower cost health insurance and a choice.

Senator Shonnard stated that it takes away 2% that could be put into an SRA. Dobney stated that everyone has the choice of a compensation package enhancement or health care. It takes away 2% from an SRA and doubles it.

Senator Gale asked if the people who have elected 2+2 will still always be guaranteed to get their insurance for that same rate. Dobney responded that he will ask the Board to guarantee that; it is an option now and there is no reason to think it would change. Potentially, the premium will go up if there are more retirees. Experience shows it is the 50-60-year-olds that cost the most money. Medicare pays for most of the medical costs of older retirees.

VOTE ON PETITIONS

At 7:25 p.m. President Bornhorst asked if Senators wanted to vote on the petitions for constituency or to wait until the next meeting. Most seemed to want to wait, Pegg MOVED and Vichich seconded the motion to decide now. Discussion ended. The motion PASSED on voice vote with dissent.

Bornhorst asked if there was any objection to voting by voice. There was none.

Pegg MOVED and Carstens seconded the motion to approve the petition for John Flynn. Discussion ended. The motion PASSED on voice vote with no dissent.

Lutzke MOVED and Richter seconded the motion to approve the petition of Sylvia Matthews. Discussion ended. The motion PASSED on voice vote with no dissent.

Vichich MOVED and Sweany seconded the motion to approve the petition of Pam Wehr. Discussion ended. The motion PASSED on voice vote with no dissent.

Melton MOVED and Richter seconded the motion to adjourn. The meeting adjourned at 7:32 p.m.

Respectfully Submitted by Janice M. Glime
Secretary of the Senate