

THE UNIVERSITY SENATE OF MICHIGAN TECHNOLOGICAL UNIVERSITY

Minutes of Meeting 376

23 October 2002

Synopsis: The Senate

- (1) heard that the administration approved Proposal 3-03, BS Program in Computer Network and System Administration, and Proposal 4-03, BS Program in Computer Systems Science
- (2) heard a report from the Distance Learning Implementation Committee's Intellectual Property Subcommittee.
- (3) heard a report from the Benefits Liaison Group.
- (4) elected Patricia Sotirin, Larry Sutter, Becky Christianson, and Pam Long to the Task Force on Career Opportunities for Professional Staff.

President Bob Keen called University Senate Meeting 376 to order at 5:33 p.m. on Wednesday, 23 October 2002, in Room B45 EERC.

1. ROLL CALL OF SENATORS

Secretary Craig Waddell called roll. Absent were At-large Senator Strong and representatives from Fine Arts, the Keweenaw Research Center, Academic Services-Engineering, and Student Affairs and Educational Opportunity. Liaisons in attendance were Karl Haapala (GSC), Ike Micheau (USG), and Becky Christianson (Staff Council).

2. RECOGNITION OF VISITORS

Visitors included Kent Wray (Provost), Jim Moore (SFWP), Carol MacLennan (Social Sciences), Pauline Moore (Library), Bruce Rafert (Graduate School), Ingrid Cheney (Human Resources), Amanda Otis (student), Pamela Jimenez (student), Alan Christensen (student), and Marcia Goodrich (*Tech Topics*).

3. APPROVAL OF AGENDA

Keen presented the agenda, noted that item 6.B. Presentation on University Budget would be rescheduled for a future meeting, and asked for additional modifications. There were none. There were no objections to the agenda as amended. [**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 374 and 375

Keen presented the minutes from meeting 374 and asked for corrections or additions.

Senator Bill Gregg said that in paragraph 8 of column A on page 9843, his departmental affiliation was misidentified as Computer Science. [NOTE: After the meeting, Senator Steve Seidel pointed out that the departmental affiliation in this paragraph was correct, but the senator was misidentified. The senator reporting for Computer Science in this paragraph should be Seidel.]

There were no further corrections and no objections to the minutes as corrected.

Keen presented the minutes from meeting 375 and asked for corrections or additions.

Waddell said that he had received a request via e-mail [from Senator Jim Pickens] for the following correction in column A of page 9904: Change "Pickens said that the estimate was for a phase-in of students" to "Pickens said that the estimate was for a phase-in of students based on a steady-state analysis; that is, on the situation after the programs reach projected enrollment."

Waddell said that he had received a request via e-mail [from Senator Dana Johnson] for the following correction in column A of page 9904: Change "Provost Wray said that the basis for the School of Business and Economics course line was analysis conducted by SBE Associate Professor Larry Davis, who identified a need for 1.5 new faculty members, listed by course" to "Provost Wray said that the basis for the School of Business and Economics course line was analysis conducted by SBE Associate Professor Larry Davis, who identified a need for 1.5 new faculty members, listed by course Wray said that his analysis differed from the Senate Finance Committee's analysis in that he used Davis's 1.5 lines whereas the committee said that SBE could not hire 1.5 faculty, and hence, rounded up to 2."

Waddell said that he had checked the audio tapes of the meeting and that both requested corrections were, in substance, consistent with what was said during the meeting.

There were no further corrections and no objections to the minutes as corrected.

5. PRESIDENT'S REPORT

Keen said that Proposal 3-03, BS Program in Computer Network and System Administration, and Proposal 4-03, BS Program in Computer Systems Science, were transmitted to the administration for approval. Both proposals were approved by President Tompkins and subsequently approved by the Board of Control at the Board's October 3 meeting. **[Appendices B-E]**

Keen said that Faculty Review Committee Chair Janice Glime reported no faculty grievances were forwarded to the committee above the departmental level during the 2001-02 Academic Year. Keen commended Glime for her work as chair of the committee, especially given that Glime and all other members of the committee were just elected to the committee last year.

Keen said that the Faculty Review Committee needs one more member and will not be able to function without this additional member. He encouraged senators to solicit candidates for this position.

Keen said that the Space Committee has met several times. He said that he was not sure why the president of the University Senate sits on this committee since most requests for space are processed through the academic chain of command. Nevertheless, he said that he might be able to provide input to the committee in ways that might not always be possible through the normal academic chain of command. Hence, he encouraged senators to share their space concerns with him.

Keen said that Proposal 22-02, Policy on Consensual Relationships, is still on the table and the alternative language is posted on the senate's web site. He encouraged senators to inform their constituents of this alternative language and said that Proposal 22-02 will probably be on the agenda for the senate's next meeting.

The Task Force on the 14-Week Calendar will meet next week.

Keen reported that he addressed the USG on Wednesday, October 16, to explain the role of the University Senate in developing policy and how the senate's work impacts student life.

Keen said that he had received a memo from Provost Wray requesting that a search committee be formed for the replacement for Vice Provost for Student Affairs and Dean of Students Marty

Janners. He encouraged senators to solicit faculty and professional staff candidates for this committee. Keen said that the faculty need to elect four members of this committee. He said that the committee can function as soon as three-quarters of its members have been selected. However, if the senate fails to select its members, the committee will not be able to function because senate-appointed members of the committee constitute more than one-quarter of the membership of the committee.

Keen reminded senators that the senate will meet informally with President Tompkins on Wednesday, November 6, at 3:00 p.m. in Ballroom A of the Memorial Union Building.

Keen called for questions. There were none.

6. COMMITTEE REPORTS

A. Distance Learning Implementation Committee - Intellectual Property Subcommittee [Appendix F]

Distance Learning Implementation Committee (DLIC) Intellectual Property Subcommittee (IPS) Chair Pauline Moore said that she had last addressed the senate in May of 2000, at which time she presented the report of the senate's ad hoc committee on distance education. As a result of the senate's support of the recommendations of that committee, the dean of distance learning position and the DLIC were created. The DLIC created three subcommittees, including the IPS, the work of which Moore will report on tonight.

Moore said that the IPS was designed to be representative of those who would be interested in distance learning and intellectual property. The IPS consists of the following members: Pauline Moore, Library (Chair); Jim Baker, Corporate Services; Marti Banks-Sikarskie, Extended University Programs; Mina Grudnoski, Graduate School; David Kent, IT; William Shapton, ME-EM; Shalini Suryanarayana, Educational Opportunity; and Jerry Taylor, School of Technology.

Moore said that since only one faculty member (Taylor) was included on the IPS, the IPS attempted to recruit three additional faculty members through the University Senate. They succeeded in recruiting two additional faculty members: John Sutherland, ME-EM; and Jack Jobst, Humanities.

In March 2001, the IPS was charged by then Dean of Distance Learning Steve Bowen with (1) assessing Michigan Tech's current intellectual property policies; and (2) suggesting modifications and extensions to existing policies in order to appropriately acknowledge and protect the interests and rights of Michigan Tech, Michigan Tech employees and students, and third parties, especially as these interests and rights pertain to distance education and use of instructional technologies. Moore said that intellectual property issues related to distance learning and instructional technologies apply to more than just the formal, distance learning programs offered through Extended University Programs. They also apply, for example, to on-campus courses with Web sites, electronic course reserves, textbooks with CD ROMs, and Web CT.

The IPS was instructed to prepare a set of recommendations on issues that are relatively urgent and for which there is a reasonably clear basis for setting policy. In preparing these recommendations, the IPS was instructed to communicate frequently with the campus community, seeking input at appropriate stages.

The IPS was also instructed to prepare recommendations concerning policies that are potentially important to MTU but which involve more subtle distinctions, or for which there is not a clear national consensus. The IPS is to make draft recommendations available across campus and hold at least one open forum to formally seek input and comment.

The goal of the IPS is to create a policy that works for everyone, balancing institutional and professional (faculty and staff) issues. The IPS was instructed to identify relevant precedents and policies at Michigan Tech's benchmarking institutions. The goal was to devise a reasonable solution to intellectual property problems, one that all parties could accept.

The IPS has been operating under this charge. However, in March 2002, the charge was revised as follows. The DLIC and members of the University Senate, including Senate President Bob Keen, decided that the DLIC and the Senate's Academic Policy Committee should pursue distance learning and intellectual policy issues together and that the final policy should be proposed by the senate.

The IPS formed a Workgroup on Internal Policies to collect and review Michigan Tech's current, internal policies on distance learning and intellectual property rights. Director of Tech Partnerships Jim Baker helped the group to identify Michigan Tech's existing policies, which vary from unit to unit within the university. These policies and practices include or are found in the following:

Policy 18.1 in the Board of Control Policy Manual <www.admin.mtu.edu/admin.boc/policy/index.htm>; Section 11 of MTU Operating Procedures <www.admin.mtu.edu/admin/procman/>; faculty, staff, and graduate and undergraduate student handbooks and related documents; and agreements, including legal contracts and the Patent Research and Proprietary Rights Agreement. The Workgroup on Internal Policies hopes to recommend one coherent policy on distance learning and intellectual property rights.

The IPS also formed a Workgroup on External Benchmarking, which identified and collected the intellectual-property policies of the following 19 benchmarking institutions: Auburn University, Carnegie Mellon University, Central Michigan University, Colorado State University, Georgia Institute of Technology, University of Illinois, Indiana University, Penn State University, University of Arizona, Arizona State University, Creighton University, University of Kentucky, University of Michigan, Michigan State University, New Jersey Institute of Technology, Northeastern University, Purdue University, Rensselaer Polytechnic Institute, University of Tennessee, Washington State University.

The Workgroup on External Benchmarking also conducted telephone interviews with 8 of the 19 benchmarking institutions. Interviewers asked about the size, nature, and customer base of the distance learning programs; who taught the courses (faculty, graduate students, etc.); whether faculty teaching was in-load or overload; what compensation was offered for such instruction; and who provides the instructional design for such courses.

Moore said that a wide range of issues were included under intellectual property rights, such as patents (including those for novel plant varieties), copyrights, trademarks, software, trade secrets, and data. In pursuing their work, the members of the IPS determined that they should focus their efforts on a subset of intellectual property rights issues--those pertaining to copyright--since these were the most likely to be at issue at Michigan Tech.

Moore said that copyright is a form of legal protection, provided by Title 17 of the U.S. Code. It is given to "authors of 'original works of authorship' including literary, dramatic, musical, artistic, and certain other intellectual works." (see Circular 1: Copyright Basics, United States Copyright Office www.copyright.gov/copyright/). Moore said that although the author's rights to original works are protected as soon as the works are completed, additional copyright protection--such as establishing a public record of a copyright claim--is offered when authors register their original works with the U.S. Copyright Office. For example, authors who register original work with the U.S. Copyright Office within three months of creating the work can sue anyone infringing on the copyrights not only for just damages, but also for statutory damages and attorney fees.

Moore said that according to a University of Michigan document entitled Ownership of Copyrighted Works, "Copyright includes a bundle of rights--including rights to ownership, reproduction or copying, preparation of derivative works, distribution, public display, and public performance." She said that the senate should consider which of these rights are more important to which groups or individuals and that the discussion about intellectual property rights should not be narrowed to just a discussion about ownership.

Moore said that the benchmarking study highlighted the following general principles and trends: (1) Faculty almost always retain copyright when the work (a) is created through individual initiative or efforts, (b) is categorized under the scholarly and creative work exemption and not considered work for hire (Moore said that Auburn University defines this exemption as applying to "that scholarly work generally expected of faculty and incorporated into the regular recognitions and rewards processes of the University and is not a specific university assigned effort"), (c) requires minimal or incidental use of university resources; (2) Faculty almost universally retain copyright unless the work is (a) produced under a grant or contract, (b) commissioned/sponsored/assigned by the university; (c) created with significant or exceptional use of university resources, (d) patentable, (e) covered by a written agreement or contract specifying otherwise.

Moore said that these were some of the traditional definitions of copyright ownership, but that distance learning presents some complications since it is difficult to engage in distance education without significant use of university resources. Hence, the DLIC and the University Senate need to address these complications as they relate to courseware and courseware modules.

Moore said that in February 2002, the workgroup conducted, audio taped, and transcribed six 90-minute focus-group sessions in order to assess Michigan Tech's intellectual-property-rights needs and concerns. Thirty-three people participated in these sessions: 20 faculty, 6 deans or department chairs, and 7 staff. An additional three faculty submitted comments via e-mail.

Focus-group participants were asked to describe the ideal Michigan Tech policy for the management of intellectual property issues as related to the development and delivery of distance learning courses. Moore presented the following select responses:

"It's part of my job. I'm doing this; I'm teaching on-campus students and at the same time developing this distance course. I don't worry about the first time the tape's used because that's what I was paid to do. What I care about is the next time they're used [by someone else]."

"The copyrightable intellectual property involved in the preparation and delivery of the distance courses should be property of the developer, the faculty member who delivers the course. In the initial delivery of the course, there has to be an agreement regarding appropriate compensation, appropriate ways of covering the university's cost for production, and marketing, and more than that because we have no business being in distance learning unless it yields a profit for the university."

Moore said that this comment pointed out that a faculty member serves two roles: developing a course and delivering a course. In distance learning, the course developer and the course deliverer might be two different people, each of who might have different intellectual property rights.

"And subsequent use of that intellectual property then should be subject to a negotiation between the faculty member and the university, or any other entity that might want to use it. For example, if you might need to think about what happens if the faculty member wants to let the University of Wisconsin use that."

"Yes, what may be involved is in whatever agreement sets up the first delivery that there be a time limit after which ownership reverts totally and entirely to the faculty member who prepared it whether it be two years, three years, five years."

"You need to build in the point that you're talking about that after a certain period of time it reverts back because then you talk about the next delivery. You're talking about a quality issue then? Yes, and the fact that it may not be current."

"There are two components to start with. One is a list of definitions. Another is an agreement on how much the university contributed to this material and how much the faculty did. If you can slice that pie up, you'll have a better idea of who owns what and what rights the university has."

"I'm looking at it more from the development. I think that's kind of intellectual property when you teach the class. So I think unless you argue that the use of university resources to make those tapes somehow causes what are essentially royalties to be dropped."

"The percentage of university resources is not always proportionate to the value of the things produced with them. It may take me seconds of university resource, but it could be the intellectual property or the particular style of delivery or something like that of the presenter that brings the true value to the course. Content integrity or presentation."

"Well I think it should be in negotiations all the time. It might not be that I just want 50 percent of the profit; it might be that I just want to be able to take this with me, and you can make the profit off this version. I want to be able to take it. So it's a list of possible rights. They can negotiate which ones they want for each piece. And it might be departmental: does the department always do it this way or it might be the individual faculty per project."

"Ownership, for example. This is what it means, this is the right, this is the responsibility. There may be some cases where the university doesn't want a particular right because they don't want the responsibility either, so it could work both ways. You always tend to think in terms of everybody wants the right, everybody wants the responsibility; well, it might be the other way, too. That's got to be real expensive. I don't want to deal with that. But yet it's got to be done."

"Now, I'm not 100 percent sure, but I think there's only one answer. . . there must be some guidelines and policies. So there must be some way that they are compensated, and they have to come up with a policy that everybody is clear on and understands. Also, in my mind, faculty must have a way to appeal the policy under special circumstances. Because who knows. . . I don't think they can put enough "if" statements there to cover everything. Once we have that and my chair comes in and asks if I'd like to teach distance education, I will say give me the policy statement first."

"We should maybe debate at the university level; maybe symposiums or meetings."

"Yes, I think we go to our representative senate members and ask them to bring it to the senate as discussion material as well."

Moore said that she looked forward to working with the senate on these issues.

Keen thanked Moore and called for questions.

Senator Jim Pickens asked if in examining intellectual property issues related to distance learning, the DLIC was also examining intellectual property issues for the entire university.

Moore said that the DLIC was not. The DLIC is only identifying existing university policies; the committee is not responsible for evaluating or changing these policies.

Keen said that Moore--in collaboration with the Academic Policy Committee Chair Carol MacLennan--had submitted to him and to Dean of Distance Learning Bruce Rafert a memo proposing (1) that the senate establish an ad hoc committee charged with crafting university policies for intellectual property and copyright as they pertain to distance learning; (2) that the committee be co-chaired by MacLennan and Moore; (3) that the committee membership be limited to five members; (4) that the membership include the following: MacLennan, one faculty member from the Academic Policy Committee, Moore, one faculty member appointed by the DLIC, and one non-faculty member appointed by the senate (preferably someone who has worked with faculty using Web CT or other technologies to produce their courses).

Senator Dickie Selfe said that he hoped that in framing the charge to the committee, "distance learning" would be defined broadly, as Moore had defined it, so as to include more than just official, Michigan Tech distance courses.

Keen said that this broad definition could be included in the committee's charge.

Keen called for further comments. There were none.

There were no objections to Keen establishing this ad hoc committee. Keen asked that senators forward to him nominations for the non-faculty member to be appointed by the senate to this committee.

B. Benefits Liaison Group [Appendix G]

Senator Tony Rogers, Chair of the Senate Fringe Benefits Committee, said that he would provide the senate with an update from the Benefits Liaison Group on healthcare costs and, particularly, on retiree rates.

Rogers said that the BLG consists of the following members: Bruce Barna, Co-Chair of Senate Finance Committee, Chemical Engineering; Jane Berner, Retiree Representative; Ingrid Cheney, Human Resources; Mike Hendricks, Accounting Services; Ellen Horsch, Human Resources; Amy Hughes, Internal Audit; Bob Keen, Biological Sciences, University Senate; Debbie Lassila, Human Resources; Jim Pickens, School of Forestry & Wood Products, Senate Finance Committee; and Tony Rogers, Chemical Engineering, Chair, Senate Fringe Benefits Committee.

The BLG is an advisory group, the mission of which is to provide the best possible fringe benefit package within the available resources. Rogers said that protecting employee benefits is particularly critical given the university's current budget deficit.

Rogers said that his presentation would cover the following: the Michigan Tech Medical Plan; the role of Blue Cross Blue Shield in making cost projections; a history of the over-65 retiree rates; the alternative rate projections developed by the BLG based on Michigan Tech's actual experience; a comparison of 2002 Blue Cross Blue Shield rates with those proposed by the BLG for 2003; and loss of retiree premium revenue if the university adopts the BLG's recommended rates.

Rogers reviewed the changes that have been made in Michigan Tech's medical plan over the past year. One of the first recommendations of the BLG was implementing stop-loss insurance. The university has had aggregate insurance, through which the insurance provider covers any expenses over 130 percent of Michigan Tech's projected costs. This protects against catastrophic expenses. The BLG considered individual stop-loss per contract, which would also protect against catastrophic medical expenses. Rogers presented a chart showing the wide variability in weekly medical expenses (from under \$50,000 to almost \$500,000) at Michigan Tech from 24 July 1998 through 10 December 2002. Stop-loss insurance on individual contracts

could help to cap some of the spikes in these weekly expenses since it would limit Michigan Tech's liability to \$200,000 per contract.

Rogers said that Michigan Tech's new medical plan offers employees three options: (1) the Premium Plan, which involves an out-of-pocket premium every month in exchange for a higher level of insurance coverage; (2) the Standard Plan, which requires no premium and has somewhat higher co-payments on most services; and (3) the Deductible Plan. Anecdotal evidence suggests that co-payments for office visits and prescriptions have helped to change employee behavior such that Michigan Tech's costs have decreased.

Because the university was seeing large increases in the Blue Cross Blue Shield recommended rates (COBRA [Consolidated Omnibus Budget Reconciliation Act of 1986] rates) for retirees, the BLG included a retiree rate cap. Nevertheless, insurance rates for retirees continued to increase rapidly.

Premiums and COBRA rates were adjusted for number of dependents. There is not a per-dependent charge, but employees with 0-3 dependents have one premium, employees with 4-6 have a higher premium, and so on.

The Healthcare Audit Reward Program (HARP) is a model program that may be unique to Michigan Tech. HARP rewards employees for looking at their billing statements and finding out if they have been mischarged or if a charge that should have gone to another insurance carrier was applied to Michigan Tech's plan. HARP has thus far recouped approximately \$70,000.

Rogers said that the President's 2001-2002 Annual Report says "rising medical costs and no increase in state support challenge our budget," ("From the President," inside front cover) and "University administrators point to little or no increases in state aid, as well as spiraling health care and retirement benefit costs, as major contributors to the budget woes" ("Finances," page 8). Rogers said that the implication is that the employees are one of the causes of the university's deficit because of overconsumption of health care. He said that the figures he would present challenge this implication.

Rogers said that in responding to a charge by Provost Wray, changes in the Michigan Tech medical plan have reduced projected net medical costs in excess of \$750,000 per year; this is due to the introduction of premiums and to employees being more cost conscious as a result of co-payments. This \$750,000 was implemented over two fiscal years, but on a calendar-year basis, there will be an ongoing \$750,000 savings every year in the future.

For each of the past two fiscal years, Michigan Tech saw a decrease in net medical expenses when premiums were included. Over the long term, however, medical costs will continue to increase, but a portion of those costs has been shifted to employees by premiums and co-payments.

The BLG has accumulated data on Michigan Tech demographics and cost history and is now able use this data to do provide more accurate cost projections than Blue Cross Blue Shield. Rogers displayed a chart showing the total MTU healthcare expenses based on Blue Cross Blue Shield weekly call-ins without premiums for calendar years 1999 through 2002 (estimated) and for fiscal years 2000 through 2002 (estimated). He pointed out that although healthcare costs have been increasing, Michigan Tech's estimated healthcare costs for calendar year 2002 are less than the university's actual healthcare costs for calendar year 2001. He said that as of October 18, 2002, Michigan Tech's costs are \$416,000 less than they were by October 18, 2001.

Rogers next presented a chart showing the accrued fiscal year net healthcare expenses for Michigan Tech when premiums are included. The chart covered the years 1994-2002. Rogers

pointed out that these expenses have held steady at approximately \$9 million for the past three years, with a slight decrease from 2000 to 2001. He said that without the changes that had been made in Michigan Tech's healthcare plans, healthcare expenses from 2001 to 2002 would have increased by \$750,000.

The next chart took the total health care costs (as shown by Blue Cross Blue Shield healthcare call-ins) for calendar years 1999-2002 and broke those costs down into premiums received from employees and net healthcare costs for Michigan Tech (total costs minus premiums received from employees equals net healthcare costs for Michigan Tech). This chart showed that employee premiums have lowered Michigan Tech's net healthcare costs. Rogers said that employees should be commended for these savings.

The next chart illustrated the Blue Cross Blue Shield predictions for increases in healthcare costs and contrasted those predictions with Michigan Tech's healthcare cost experience. Due to the \$750,000 cut in Michigan Tech's healthcare program, the Blue Cross Blue Shield predictions for increases in healthcare costs significantly exceed projections based on Michigan Tech's actual experience. Hence, the BLG has begun to question the validity of the Blue Cross Blue Shield predictions. Their pool of subscribers may be quite different from the population at Michigan Tech.

Rogers said that retirees were being hurt the worst by the Blue Cross Blue Shield predictions because they are paying out of pocket. Hence, the BLG recommends full-cost recovery with attention to Michigan Tech's demographics and experience. The BLG also recommends that rates for retirees who are age 65 or older reflect Medicare as the primary insurer; these retirees should not be paying the full COBRA rate as a regular employees do because Medicare is covering part of their expenses.

The next chart showed the history of TIAA-CREF retiree monthly premiums from 1987 through 2002. During this time, providers changed from Blue Cross Blue Shield to Travelers to Wausau to Blue Cross Blue Shield. With the switch back to Blue Cross Blue Shield (in 1999), retirees' monthly premiums increased dramatically. In response, the university implemented a cap on premiums, but this had little effect.

The next chart showed the number of Michigan Tech TIAA-CREF retirees using or expected to use the Retirement Supplemental Voluntary Plan (RSVP) from 1999 (171 retirees) through 2003 (195 retirees). The next chart showed the premiums collected or expected to be collected from these retirees from 2000 (\$143,000) through 2002 (\$208,000). The chart also showed the premiums expected for 2003 using the Blue Cross Blue Shield projections (\$240,000) and those using the BLG's projections (\$205,000), an out-of-pocket saving of \$35,000 for the 195 retirees who will be participating in the program in 2003.

The next chart presented the 2003 calendar year monthly COBRA rates for the Premium Plan and the Standard Plan. The chart showed that if BLG projections are used in place of Blue Cross Blue Shield projections, monthly premiums for retirees age 65 and older could be reduced by 22 to 28 percent. Rogers said that Blue Cross Blue Shield had projected a 11.5 percent increase in Michigan Tech's medical costs from 2001 to 2002; however, Michigan Tech's medical costs actually decreased during that time. Hence, the BLG recommends basing next year's premiums on last year's medical costs.

Rogers said that Blue Cross Blue Shield recommended a separate rate for under-65 retirees since they view this as a rising-cost group. Hence, the BLG decided to adopt for under-65 retirees the same rates that apply to active employees.

Senator Don Beck asked if Medicare was only supplying \$37 per month toward the premiums of single retirees.

Rogers said that 78 percent of each contract is paid by Michigan Tech, and the balance is paid by Medicare.

The next chart showed the non-capped monthly premiums, the capped monthly premiums, and the new recommended rate for TIAA-CREF retirees who are 65 or over and have a two-person contract. Rogers said that although the new recommended rates were still high, they were lower than they would be if the Blue Cross Blue Shield projections had been used.

Rogers summed up with the following BLG COBRA rates recommendation for calendar year 2003:

1. The basic health plan and employee premium rate structure should remain unchanged for calendar year 2003.
2. The COBRA rates should be based on Michigan Tech's cost experience and demographics.
3. The calendar year 2003 post-65 retiree rate should be calculated at 78 percent of the full COBRA rate, reflecting primary Medicare coverage.
4. The under-65 retiree rate should be set at the current employees' active rates.
5. Adopting Michigan Tech tier structure will reduce net revenue from premiums from retirees by approximately \$35,000.
6. The BLG should review the rate structure annually.

Rogers said that the administration has adopted these recommendations.

Senator Bill Gregg said that the BLG had done a good job. Referring to the TIAA-CREF Retiree Monthly Premium chart, Gregg asked why medical expenses from 1987 until 1999 were fairly level and then suddenly increased dramatically. He asked if anyone had looked at changes in costs per individual procedure from 1998 to 1999.

Assistant Director of Benefits Ingrid Cheney said that the university had had a particularly bad year in 1998, with many cancers and heart attacks. This is when the BLG began investigating stop-loss coverage.

Gregg asked if this meant that there was no increase in what was being charged per individual visit or procedure.

Rogers said that there have been increases, but they haven't been catastrophic.

Senator Bruce Barna said that prior to Michigan Tech having Wausau as its insurance carrier, the employees paid for office visits up to a certain level. When the university switched to Wausau's PPO [Preferred Provider Organization], the university was told that it could cover the office visits under the PPO and still come out ahead. Now, we're going back to a pre-Wausau model where the employees carry some of the burden rather than having the university pay the full cost of office visits. Also, some new benefits, such as an annual physical, were included in the PPO package.

Cheney said that Wausau did not have a network of doctors and hospitals all over the U.S. Hence, Michigan Tech paid the bulk of hospital costs for employees or retirees who were in areas that lacked hospitals that accepted Wausau insurance. With Blue Cross Blue Shield, the PPO contracted rate is accepted anywhere in the U.S.

Pickens said that nationally, increases in medical costs were moderate during the early-to-mid 1990s and more dramatic thereafter.

Gregg asked if a catastrophic year explained the dramatic increase in medical costs between 1998 and 1999, why costs haven't gone down since then.

Rogers said that this was because Blue Cross Blue Shield based its projections on the 1998-1999 experience.

Cheney said that people are living longer and, hence are subject to increased rates of cancer, heart disease, and other costly health problems.

Rogers said that changes in employee behavior inspired by the new health plans had allowed Michigan Tech to at least temporarily establish a plateau in insurance costs.

Gregg asked Pickens if the national trend in increased healthcare costs is it tied to cost per service.

Pickens said that it is, but that it is also tied to longer life spans and more expensive new services. He said that most predictions are for a 10-15 percent increase in health costs overall each year into the foreseeable future. However, increased cost pre procedure per year are only in the 6-8 percent range.

Rogers said that Michigan Tech has not experienced double-digit increases in healthcare costs in three years.

Pickens said that the employees should get credit for this.

Rogers and Cheney agreed.

Provost Kent Wray said that he would never pretend to speak for President Tompkins since the president does a good job speaking for himself. He said that perhaps the president shouldn't have used the work "spiraling" when referring to healthcare costs, but that the charts that Rogers had presented show an approximately 70 percent increase in healthcare costs in a three-year period. Wray said that he had never heard the president say that increases in healthcare costs were due to employees spending too much on health care.

Manager of Michigan Tech Media Relations Marcia Goodrich said that when this passage in the President's 2001-2002 Annual Report was brought to the attention of University Relations, she was asked to contact Rogers for a story for Tech Topics to clarify the record, but that she has not yet met with Rogers to pursue this story.

Rogers said that he was not so much concerned about the intent of the comment as he was about the perception it would create among readers, including the Board of Control.

Keen said that the graduate student healthcare plan has been added into the figures on Michigan Tech's healthcare costs.

Rogers said that the numbers he provided were only for Michigan Tech's internally funded plan and did not include graduate student healthcare insurance.

D. Selfe asked if there were any incentives for preventative activities by employees.

Rogers said that the university has a wellness program, but that this program does not affect premiums.

Cheney said that this was discussed several years ago, but it is difficult to verify, for example, that someone doesn't smoke and, therefore, should qualify for lower premiums.

Selfe said that it would be easier to verify what people actually do than it would be to verify what they don't do. He said that if healthy behaviors are one way in which some people reduce the university's healthcare costs, perhaps such behaviors should be rewarded.

Rogers said that segregating people out by lifestyle choices begins to be a slippery slope. He prefers a pool-concept where risks are shared equally among all members of the pool.

Keen said that single people have higher medical costs than married people.

Senator Judy Fynewever said that rewarding people for their lifestyle choices should be based on mandatory annual physicals with tests--such as blood pressure and cholesterol--that are markers of behavior.

Rogers said that Blue Cross and Blue Shield is generous about voluntary annual physicals, but does not provide for mandatory physicals. He said that one reason Blue Cross Blue Shield increased the premiums of retirees so dramatically was because up to a point, they treated retirees as part of the Michigan Tech employee pool, but then they tacked on unexplainable, actuarial escalation factors for the retirees. Hence, he prefers the pool concept where risks are shared equally among all members of the pool.

C. Elections Committee

Keen said that the senate must approve of slate of three nominees, one of whom President Tompkins will appoint to the Athletic Council. Nominees must be tenured faculty. Keen presented the following list of nominees: Vernon Dorweiler, Randy Freisinger, Larry Lankton, and Larry Sutter. Keen opened the floor for additional nominees. There were none. There were no objections to closing nominations.

Freisinger, Lankton, and Sutter were elected as the nominees to be forwarded to President Tompkins.

Keen said that the senate must approve of slate of three nominees, one of whom President Tompkins will appoint to the Sabbatical Leave Committee. Nominees must be tenured faculty. Keen presented the following list of nominees: Barbara Bertram, Tom Co, Kurt Paterson, and Wayne Pennington. Keen opened the floor for additional nominees. There were none. There were no objections to closing nominations.

Bertram, Paterson, and Pennington were elected as the nominees to be forwarded to President Tompkins.

Keen said that the senate must elect two faculty members and two professional staff members to serve on the Task Force on Career Opportunities for Professional Staff. A staff member of the Senate Professional Staff Policy Committee also serves on the Task Force. President Tompkins also appoints to the task force three professional staff members and one ex officio member knowledgeable about classification-compensation systems. Keen said that there were currently two faculty nominees: Patricia Sotirin and Larry Sutter. He opened the floor for additional nominees. There were none. There were no objections to closing nominations.

Sotirin and Sutter were elected by acclamation.

Keen said that the senate must elect two professional staff members to the Task Force on Career Opportunities for Professional Staff. The current nominees are Becky Christianson (CPDQI), Robyn Johnson (ME-EM), Steve Kangas (Civil & Environmental Engineering), Pam

Long (Chemistry), Owen Mills (Materials Science and Engineering), Beth Pollins (Physics), Eric Smith (School of Technology), and Paula Zenner (ME-EM). Keen opened the floor for additional nominees. There were none. There were no objections to closing nominations.

Becky Christianson and Pam Long were elected to the Task Force on Career Opportunities for Professional Staff.

Keen issued a call for nominations for the faculty representative on the Michigan Tech Enterprise SmartZone Board. He said that the senate needs to forward a slate of three nominees to President Tompkins. President Tompkins will then select one of these nominees to serve on the MTEPS Board. The senate currently has only two nominees for this position.

The Faculty Review Committee also needs another nominee before the senate can submit a slate to the faculty at large. Nominees must be tenured.

Senator Cindy Selfe asked why the senate must identify three nominees to the MTEPS Board before forwarding a list of nominees to President Tompkins.

Keen said that this was a contractual agreement between the president and the senate to allow the president a degree of freedom in selecting a member, as has been done with the Athletic Council and the Sabbatical Leave Committee.

7. NEW BUSINESS

A. Proposal 5-03, Amendment to the Threatening and Violent Behavior in the Workplace Policy [Appendix H]

Keen said that the proposed amendment from the Ad Hoc Committee on Threatening and Violent Behavior was attached to the agenda and would be discussed at the senate's next meeting.

Gregg said that after the committee presented its report at the senate's September 11 meeting, he and several other senators had raised concerns about the draft policy amendment that was included with that report. Consequently, the committee withdrew the proposed amendment from the agenda before the senate's September 25 meeting and worked with Gregg and others to resolve the disputed passages in the proposed amendment.

8. ADJOURNMENT

Senator Scott Pollins MOVED and Senator John Gagnon seconded the motion to adjourn. The meeting adjourned at 7:26 p.m.

Respectfully submitted by Craig Waddell
Secretary of the University Senate