



UNIVERSITY OF MINNESOTA
TWIN CITIES

All University Senate Consultative Committee

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MINUTES
FACULTY CONSULTATIVE COMMITTEE
January 15, 1981

A meeting of the Faculty Consultative Committee was called to order at 11:10 a.m. by Chairman Marcia Eaton in Room 300 of Morrill Hall on Thursday, January 15. Other members present were Professors Douglas Pratt, Paul Quie, Vera Schletzer, Skip Scriven, Donald Spring, Pat Swan, Al Ward and, after noon, Russ Hobbie. Guests present for all or part of the meeting were Vice President Nils Hasselmo, Assoc. Vice President Al Linck, Assistant to the President Carol Pazandak, and the new faculty legislative liaison, Professor Peter Robinson. Professor Eaton introduced Professor Robinson, who described the plans he has made in the two weeks since his appointment.

1. Legislative Relations. Professor Robinson's first objective is to visit each University campus for a publicly announced meeting to solicit opinion, questions and requests from the faculty. His second objective is to visit the legislature and become acquainted with the lawmakers. His third is to attend each of the district caucuses with legislators.

He distributed copies of a draft letter which will go to all faculty members on all campuses, identifying himself and explaining the plans. He expressed his hope that an FCC member from each campus would be the contact person there: Minneapolis, Skip Scriven; St. Paul, Pat Swan; Morris, Don Spring; Waseca, Al Ward; Crookston, Cleon Melsa, last year's faculty representative to the SCC; Duluth--go through the UMDEA executive committee and/or the University's liaison committee. Those present agreed to the assignment. Professor Robinson's letter to the faculty may be able to include the time, place and date for the Minneapolis campus meeting. He would like to hold the on-campus discussions within the next two weeks. He noted the heightened importance of his getting to the Waseca and Crookston campuses in the light of the new MHECB proposal to sever them from the University and organize them with other two-year post-secondary programs in the state.

In organizing district-by-district evening meetings ("caucuses") with

legislators, the legislative relations subcommittee operates under severe restrictions since the University has no means of determining the legislative district residence of the faculty members. Since redistricting is imminent, he recommended the University get such a list prepared, based upon the new district boundaries, before the next legislative session. For these evening meetings he proposed combining one senate district with the two house districts which comprise it. He asked the FCC to regard the caucus organizing as an activity being built for continuation in the future. Professor Pratt added that the feasibility of the combined meetings varies according to the compatibility of the representatives involved. He presently has between eight and ten evening caucuses organized, and reported that Vice President Kegler's office has supplied him with good names of people willing to organize a caucus.

Professor Robinson reported that there has already been one University hearing before the education division of the house appropriations committee. The committee specifically requested that only Vice President Kegler and President Magrath appear. Robinson suggested the FCC request the administration to inform him or the FCC or both of every hearing.

Professor Eaton commended Professor Robinson for his excellent start and Professor Pratt for organizing the caucuses.

Vice President Hasselmo arrived at 11:30 a.m. as the President's designate. The President was unable to attend at that hour. Professor Robinson asked the vice president's opinion on the propriety of Robinson's meeting with faculty at Duluth. Vice President Hasselmo said that one way to arrange such a meeting would be under the auspices of the liaison committee established by the President. Associate Vice President Linck said mutual agreement through the liaison committee would clear Robinson's meeting with the faculty. The ambiguity of Robinson's role was acknowledged since he is designated the faculty legislative liaison but is appointed by the President. The faculty wondered whether using the liaison committee would cast Robinson as an administrative representative. Hasselmo, Robinson and Eaton will meet to resolve the means for Robinson to clear a meeting with UMD faculty. Professor Robinson announced he will meet regularly with the FCC to keep them informed.

2. Unisex insurance rates. Vice President Hasselmo distributed the draft of a letter to the Regents describing recent developments in regard to the equalization of retirement benefits for males and females and proposing a policy change.

He explained that the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) and the Equal Employment Opportunities Commission (EEOC) have now agreed on the use of unisex rates for all contributions received after a yet undetermined date. One implication, he said, is that men's benefits in certain options will be reduced somewhat and women's benefits in certain options raised somewhat. The reduction apparently would be 6.2% of the accumulated difference for the time after the change goes into effect.

He explained that the joint and survivor option holds the most significant financial implications, and the University has not yet answered the questions of whether it can and should set aside the question of the surviving spouses of male faculty receiving sex-neutral benefits. University reserves can pay a supplement to complete unisex benefits with the possible exception of the joint-survivor option.

The basic plan is to adopt unisex rates for future contributions, and retroactively to bring women up to the male rates through the University supplement, which would not be very costly (roughly \$100,000 to \$200,000). He said the administration may be able to place the proposal before the Regents for information in February. The administration's choice was the second of the two options SCFA offered. SCFA preferred bringing everyone to the male level of benefits for past and future accumulations, and saw that as fairer to male faculty in allowing them to receive their full expected benefits. But, said Vice President Hasselmo, the University does not have the means to make^{up} the greater difference in benefits. Some rake-offs appear necessary to build up the University's reserve. One proposal is to withhold a little more from faculty salary increases, meaning a redistribution of funds that otherwise would go into faculty salary increases. The need might be for as little as 1% of an increase.

Dr. Pazandak pointed out that the anticipated 6.8% reduction in the accumulated difference in benefits would affect only benefits coming from the University and not a retired person's whole retirement package. Social Security benefits, for instance, would remain unchanged.

Vice President Hasselmo asked if the SCC had any objection to presenting a resolution of this sort to the Regents. Professor Spring stated that he felt there would be few objections to the equalization of benefits but that there might be objections to the source for funding that equalization (i.e., from salary increase monies).

The question was raised as to whether a female surviving spouse now inherits the male benefits or receives benefits at the female lifespan rate. No one

present knew the answer. Professor Schletzer said it should be possible to get actuarial tables on professional women, just as so many other particular employee groups are specified.

3. Questions for FCC lunch meeting with the Regents, February 12.

Professor Eaton expressed her hope the FCC could define a specific question and present it to the Regents in advance of the meeting. Professor Swan proposed as a general area of discussion the ways that faculty have to effect changes within the University. Dr. Pazandak believed the topic to be one in which the Regents would indeed be very much interested. Several examples were suggested. Professor Spring pointed out the value of highlighting changes enacted several years ago which can clearly be seen to have worked well.

Dr. Linck said Regents regret that they do not deal enough with the heart of the University. They have no ways of finding out many of the moves which have been undertaken for outreach, for instance, in various parts of the University, and so they feel frustrated at the delays in a plan for implementing the outreach proposal as a whole. Dr. Hasselmo stated that everyone is best served by keeping the Regents well informed by a regular system of updating. He thought the dangers of raising alarm among them were not substantial. Dr. Pazandak noted that while the Regents are especially alert to the importance of the University's responding to external needs, it can be pointed out to them that only the academicians within a unit understand the directions their field needs to take.

There will be at least four presentations, each exemplifying a somewhat different need. Professor Pratt will report on the reorganization which produced the Plant Physiology program ten years ago and the benefits that have accrued. Professor Eaton will describe the recent changes in undergraduate CLA graduation requirements. Professor Schletzer will report on the evolution of General College from a two-year program to a four-year degree program in response to social needs. Professor Quie will report on the dramatic changes in nursing. Professor Swan pointed out that it will be important to underscore the principles at work in each example including, for instance, program quality, responses to changes in knowledge in a field; financial advantages; social responsibility; responses to national accreditation requirements.

Dr. Linck raised the additional example of the merger of the Food Science and Nutrition departments, planned and carried out by the faculty, as an intelligent and successful development to solve problems. Professor Spring observed that the FCC's preparation and presentation could be useful to the University in its

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relations with the legislature.

4. Meeting schedule changes. The President cannot meet between 11 and 3 on February 19. The FCC recommended shifting the day of meetings with the President to March 5 and holding a regular SCC meeting on the 19th.

The meeting adjourned at 12:35 p.m.

Meredith Poppele,

Sec., SCC

January 15, 1981

University of Minnesota

Dear Colleagues,

You may know that I have been asked by President Magrath and the Senate Consultative Committee to represent us before the State Legislature during the present session. This assignment promises to be very difficult because the session itself will almost certainly not be easy, and perhaps more important, because we are such a disparate group. I will need your advice and counsel throughout the coming months in order to be able best to represent our collective views and interests in a cohesive way. This letter is to propose to you various ways of getting information from you to me, and, as the session progresses, from me to you.

1. Please write to me or call if you have any particular issue or point you feel should be put to the Legislature on our behalf. My address is:

Department of French and Italian
200 Folwell Hall
etc.

telephone: 612 373-5202

2. I shall visit each campus to participate in general discussions with you concerning the session and our needs. These visits will be coordinated by a colleague on your campus, who will announce the date, time and place:

- a. Crookston:
- b. Duluth:
- c. Morris:
- d. Twin Cities: St. Paul:
Minneapolis:
- e. Waseca:

3. During the last session, groups of faculty members living in the same district met at a colleague's house with their representative and senator. This allowed direct exchange between the legislators and us. These so-called caucuses proved to be quite useful. We would like to organize more of these this session in various parts of the state. If you live in a district with at least _____ other faculty colleagues, and if you are willing to organize such a caucus, please notify Professor Douglas Pratt. I will make every attempt to attend all of these caucuses wherever they are held.

4. I will be meeting regularly with the Senate Consultative Committee. Its various members will thus also be informed and will be in communication with you.

We are getting a late start. It is important therefore that we move quickly. Please don't wait for the general meeting on your campus if you have a particular view to present. Write or call and then later we can discuss it in a general context.

Yours,

Peter H. Robinson

December 23, 1980

TO: (Regents)

Dear Ladies and Gentlemen:

I'm writing to you to report on some recent developments in regard to the equalization of retirement benefits for males and females and to propose a policy change. The question has been discussed both nationally and locally for some time. It involves a number of legal and financial questions, all of which have not yet been resolved. However, a recent agreement between the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) and the Equal Employment Opportunities Commission (EEOC) makes it feasible to consider a policy's change at this time.

The basic issue is this: on the basis of actuarial data, insurance plans have in the past included somewhat lower benefits for females under certain options, on the assumption that females as a group tend to live somewhat longer than males. In recent years, strong pressures for equalization of benefits have arisen. The move towards equalization has, however, been stymied by disagreements about how the equalization should be done. Two basic options exist. One involves assigning benefits to males and females on the basis of sex-neutral (unisex) tables; the other involves applying male rates to both males and females. The problem with the former approach is that the use of unisex tables would lower the expected benefits of males somewhat in order to increase the benefits of females. The problem with the latter approach is that it involves finding additional funds in order to bring the benefits of females up to the level of males.

TIAA-CREF and EEOC have now agreed on the use of unisex rates for all contributions received after an undetermined date. Since we are here dealing with

benefits which, so to speak, have not yet accrued to a particular person, it has apparently seemed feasible for the insurance company and the EEOC to accept the consequences of the application of unisex tables. The date for the change will be set after TIAA-CREF receives approvals from the various state insurance departments (41 or 42 are required) and then provide 90 days notice to the participants in the plan.

No agreement has so far been reached between TIAA-CREF and EEOC on the more difficult question of retroactivity. TIAA-CREF takes the position that "...benefits resulting from past premiums should continue to be determined according to the representations TIAA-CREF made to participants at the time those premiums were paid... In view of these basic differences between the TIAA-CREF and EEOC positions, we expect that litigation will now continue on the retroactivity question until resolved at the highest level." (TIAA-CREF Status Report on the Unisex Question, November 3, 1980.)

What we are proposing is 1) that unisex rates be applied to all contributions to the faculty retirement plan after a certain effective date to be determined, and 2) that the total benefits from contributions to the faculty retirement plan made prior to the effective date be determined by using male mortality rates for both males and females. We are thus proposing to adopt the policy agreed upon by the TIAA-CREF and EEOC for future contributions while adopting the solution of using male rates for both males and females for benefits based on past contributions.

The proposed policy is supported by a Senate resolution recommending the adoption of a unisex approach to retirement benefits (resolution passed on April 17, 1980). In establishing this particular way of implementing the change, we have drawn upon suggestions made by the Senate Committee on Faculty Affairs, most recently in a set of recommendations dated October 31, 1980. The committee recommended as its preferred solution the adoption of male mortality tables for both males and females for all contributions. They did, however, include as a

second option the approach which we have adopted. Most recently this question was discussed at a meeting of the Central Officers Group, December 18, 1980.

The proposed policy change is being placed on the agenda of the Committee on Faculty and Staff Affairs at the January 1981 meeting for information.

The proposed policy reads as follows:

Proposed Policy

Periodic retirement benefits paid pursuant to the faculty retirement plan shall be equalized for similarly situated males and females. To the extent that benefits in addition to those which are available from the annuity contracts shall be required, such amounts shall be paid through the University supplement.

The equalization shall be accomplished in the following manner.

For Individuals Not Yet Retired

1. All contributions to the faculty retirement plan after the effective date shall be applied to purchase annuities under sex-neutral (unisex) rates.
2. Total benefits (annuities plus supplement) from contributions to the faculty retirement plan which are made prior to the effective date shall be determined by using male mortality rates for both males and females (including joint annuitants under the joint and survivor option).

For Individuals Already Retired

The amount of the total periodic benefit (annuity plus supplement) being paid shall be recalculated using male mortality rates for both males and females (including joint annuitants under the joint and survivor option) and in those instances where the application of male mortality rates provides for increased benefits, such increased benefits shall be paid through the University supplement on a prospective basis.

Effective Date

The effective date of this policy shall be determined later.

Cordially,

Nils Hasselmo
Vice President for
Administration & Planning

pw

cc: