

Minutes*

Faculty Consultative Committee
Thursday, August 31, 2000
1:30 – 3:30
Room 471 Law

Present: Fred Morrison (chair), Muriel Bebeau, Linda Brady, Susan Brorson, Dan Feeney, Richard Goldstein, Marti Hope Gonzales, Joseph Massey, Marvin Marshak, V. Rama Murthy, Paula Rabinowitz, Jeff Ratliff-Crain, Charles Speaks

Regrets: Wilbert Ahern, Les Drewes, David Hamilton, Billie Wahlstrom

Absent: none

Guests: President Mark Yudof; Professors Kent Bales and Carol Klee

Other: Cathy Gillaspay, Amelious Whyte (Regents' Office); Elizabeth Wroblewski (Office of the President's Chief of Staff)

[In these minutes: discussion with the President on many issues; academic appointments; health care]

1. Discussion with the President

Professor Morrison convened the meeting at 1:30 and welcomed President Yudof. He reminded everyone that the discussions with the President were off the record and that the minutes show only the topics discussed. Those topics were:

- The biennial budget, including faculty salary increases above the rate of inflation, and strategies for achieving legislative support for the request
- Research (the significant increase in sponsored research)
- Economic development summit
- Issues in intercollegiate athletics
- The civic engagement task force
- Grievance policy changes with respect to emeriti faculty
- Policy on commercialization of class notes
- Senate resolution on retention of faculty lines

* These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate or Twin Cities Campus Assembly; none of the comments, conclusions, or actions reported in these minutes represent the views of, nor are they binding on, the Senate or Assembly, the Administration, or the Board of Regents.

- Office of Student Development
- Employee tuition benefit

Professor Morrison thanked the President for joining the meeting.

2. Other Matters

Professor Morrison then briefly raised two other issues:

- The Committee's position about who should be involved in the discussions of the report on the Crookston campus; it was agreed that because Professor Brorson is a member of the Crookston faculty, she should not be one of those individuals.
- The Grievance Advisory Committee chair needs to be appointed. Professor Morrison recommended the reappointment of Professor Laura Cooper; a motion was made and unanimously voted to that effect.

3. Academic Appointments

Professor Morrison welcomed Kent Bales to discuss the guidelines on academic appointments.

Professor Bales noted that he had spoken earlier in the day with the Committee on Faculty Affairs (SCFA); Professor Goldstein, chair of SCFA, indicated that it would take up the subject once it knew what the Faculty Consultative Committee intended to do. He related that he told SCFA what he believes needs fixing in the guidelines (not a great deal) and outside them (more). On the latter, Professor Bales said he believes the University must improve the proportion of tenured and tenure-track faculty.

Professor Morrison said that the guidelines had been discussed with Executive Vice President Bruininks at the FCC retreat. The document calls for department plans; as a result of the FCC discussion, he has provided Dr. Bruininks with additional language that says the plans must provide for an adequate complement of regular faculty to perform the teaching, research, and service functions of the department, including the provision of instruction for majors and for graduate students.

Professor Bales said that at this point he finds himself only an interested bystander. Professor Morrison responded that Professor Bales was an interested bystander who had contributed enormously to the resolution of the problem.

Professor Morrison next turned to Professor Carol Klee, chair of the Department of Spanish and Portuguese, to discuss the staffing situation in Spanish (as one example of the problems that arise in the matter of academic appointments). Professor Klee distributed handouts and noted that she would be speaking only about Spanish, not Portuguese.

At present Spanish has 10.5 full-time equivalent (FTE) faculty, with two additional searches to take place this year, so the full complement of faculty will be 12.5 FTEs. In addition, there are 7.25 Education Specialist FTEs and 18.25 Teaching Specialist FTEs, for a total of 25.5 non-tenure-track FTE

appointments. The non-tenure-track appointments outnumber the regular faculty 2:1. Finally, there are also 26.5 FTE Teaching Assistants. (Asked about the difference between Education Specialists and Teaching Specialists, Professor Klee explained that the Teaching Specialists only teach--six courses per year--which the Education Specialists also have some administrative responsibilities--creating syllabi and exams, supervising TAs, and so on, for which they generally receive one to three course releases.)

One concern, Professor Klee said, is that there is no reference to Education Specialists in the draft guidelines on academic appointments.

Professor Klee then inquired rhetorically how the department got into the situation it now finds itself. She reviewed enrollment data from 1986-87.

Course levels:	1-XXX	3-XXX	5/8-XXX	#FTE faculty
1986-87	2270	652	195	11
1987-88	2253	776	209	11
1988-89	2107	738	250	12
1989-90	2757	840	241	13
1990-91	2681	947	228	11
1991-92	2352	993	154	11
1992-93	2083	1093	181	11
1993-94	2066	1021	126	10.33
1994-95	3474	1134	134	10.5
1995-96	3936	1208	183	11
1996-97	4680	1487	168	11
1997-98	5255	1740	127	12.67
1998-99	4877	1941	134	11.67
1999-00	3907	1572	109	13.67

Professor Klee reviewed the impact of these numbers on the curriculum by describing the 2000-01 course offerings. There will be 194 sections of first- and second-year Spanish courses and 25 sections of third-year courses. There will be 60 sections of SPAN 3104-3972, which are the core courses for majors. There will be 16 sections of graduate-level courses.

There are 10.5 FTE regular faculty in Spanish. If each teaches 4 courses per year, they can teach a total of 42 courses. Six of the faculty have administrative and research course releases and the 16 graduate courses must be taught by regular faculty; that leaves a total of 20 courses (42 minus the 6 course releases and 16 graduate courses) that can be taught by regular faculty at the undergraduate level. Inasmuch as there are 60 sections of core major courses, this means that only one-third of the major courses can be taught by regular faculty. In order to meet the obligations proposed by Professor Morrison (that there be a complement of faculty adequate to teach graduate and major courses), Spanish would need an additional 8 faculty beyond the two new positions already authorized.

In addition to the concern about the Education Specialists, another major concern is oversight: how will a situation like this be prevented from happening again (if it can be addressed)? Aggregated data by college will hide situations in individual departments, Professor Klee pointed out; she recommended that department numbers as well as college data be submitted to the Tenure Subcommittee.

Professor Morrison said he was the one responsible for the language about data collection and agreed that the guidelines should be changed to indicate that the data for each department would be reviewed by the college and sent forward. Colleges would be responsible for assembling the data for departments, but should present it separately for different departments and programs, not simply aggregate it, for the college as a whole.

This is a scandal that she has been trying to bring to people's attention, Professor Rabinowitz commented.

Colleges are the IMG unit, Professor Murthy pointed out; do the departments not talk to the dean about this kind of problem? They do, Professor Klee said, but she has the sense that there is a reluctance to add new positions. It is clear that the college will not replace Teaching Specialists and Education Specialists with tenure-track faculty, Professor Speaks agreed, because the faculty cost more and teach less. If this is to be the pattern, then the question is whether to provide as many sections of Spanish. He pointed out that there were 194 sections of introductory Spanish in 2000-01. She presumes that introductory courses would be taught by TAs, Teaching Specialists, and Education Specialists, Professor Klee responded; her concern is with courses in the major. And there is certainly no incentive to reduce the number of sections in CLA, which is so heavily dependent on tuition revenue, Professor Gonzales pointed out.

The question is whether the University is interested in providing a liberal education, Professor Rabinowitz exclaimed.

Dr. Bruininks did agree at the FCC retreat to the point about having a sufficient number of regular faculty to teach the courses in the major, Professor Murthy recalled.

Professor Morrison noted that the fringe benefit issue is not addressed in the guidelines; FCC has called on the administration to provide adequate fringe benefits to the non-tenured staff. The Committee agreed that provision of fringe benefits to these non-faculty instructional personnel was a high priority.

Professor Ratliff-Crain said that if the aggregation of data at the college level will mask departmental effects, will the reverse also be true? It will, it was said. If that is true, how will that situation be handled? People cannot readily be moved around. There are trade-offs made, Professor Morrison observed, affected by a number of factors, such as the number of graduate assistant positions available.

Professor Brady asked about the three-year terms for Teaching Specialists and the turnover that results; Professor Morrison said it is the intent to eliminate the cap altogether.

Professor Brady then inquired whether students realize what is occurring when they have so few regular faculty teaching their courses. Professor Klee said that the pressure from the administration to offer enough sections and to permit students to graduate in four years plays a role, and that students in the major may not recognize the difference between faculty and TAs. There have been few complaints, she told the Committee. She also commented that Teaching Specialists generally do not teach upper division courses; those are taught by Teaching Assistants. The requirement for a Teaching Specialist is a master's degree; a number of them have their Ph.D., Professor Klee said. Even if the department were to receive 8 new faculty, it would still need 20 non-tenure-track staff.

Asked if the department puts a cap on the number of graduate students, Professor Klee said that it does but that there is more demand than they can accommodate. If there were more faculty, they would admit more graduate students in certain areas.

If these problems come to the surface, Professor Murthy asked, at what level of the University should they be addressed? In the IMG framework, where are such problems dealt with? This should be a fundamental responsibility of the dean. Professor Goldstein observed that comparing IMG data by department could be problematic; Psychology could have huge classes but that is not possible in the languages. This is the problem when dollars are tied to students, Professor Murthy responded; the Committee should protest at the level of the Executive Vice President and Provost that the system is fundamentally flawed.

This has nothing to do with IMG, Professor Morrison maintained; it is a question of priorities and this situation happens without IMG. There is a need to identify priorities and put pressure on the deans not to bring to the administration a report with data about thousands of (headcount) students and only 10 faculty. The data should say to the dean that this is not right; the data should say to the Provost that the dean is not managing correctly if such a report comes forward. Who points this out, asked Professor Brady? The Tenure Subcommittee should do so, Professor Morrison said.

The question is what are the University's priorities, Professor Rabinowitz argued. CLA will not make money from Spanish; the question is whether the University wants to support the liberal arts. The University votes with its dollars, she said, and votes not to do so. The Provost knows this. The Provost does not know about Spanish, Professor Murthy responded, but the dean has seen the data for several years. Does the dean have no power, Professor Rabinowitz inquired? He has other priorities, Professor Morrison told her. The dean is clearly not in charge, Professor Rabinowitz maintained, and said there is a long history of CLA being treated poorly; the Faculty Senate could go to a higher level and say to the President and Provost that this is unacceptable.

Professor Morrison said he would give the information to the Provost when he saw him. He thanked Professor Klee for meeting with the Committee.

4. Health Care

Professor Morrison welcomed Professor Richard McGehee, chair of the Health Plan Task Force, to provide an update. [Note: Professor McGehee made the same presentation earlier in the day to the Committee on Faculty Affairs. The notes from that meeting are appended to these; noted in these minutes are additional points or questions raised by members of the Faculty Consultative Committee.]

-- Professor Gonzales asked if it was good or bad news that University employees may not cost more than state employees as a whole. Professor McGehee said the state in the past had asserted that the University cost more but the task force has not been able to substantiate that claim. The state is no longer making that assertion.

-- There was a concern that providers would be wary about dealing with the University if it were not part of the state; that has not proven to be true.

-- What provisions would there be for employees outside the Twin Cities, Professor Ratliff-Crain asked? Professor McGehee said that information was requested from providers; all of the bids included a national network. The coordinate campuses are a problem for any kind of managed care system; that is why the state plan is so expensive, because it has managed care providers in every county. This is less of a problem for the University; fewer than 5% of its employees work outside of the Twin Cities and Duluth so it is cheap for the University to provide high-quality health care for those individuals. The University can, in effect, buy its way out of the problem, at least for the immediate future.

-- Professor McGehee again reviewed the new movement in health care, to provide a defined contribution rather than defined benefit plan. All employers are facing huge increases in health care costs so some are no longer providing first-dollar coverage and are moving to a formula instead, putting a fixed dollar amount into health care benefits, leaving it to the employee to purchase what he or she wants. In some ways this is a stupid system that can't work, but there are medical savings accounts on the horizon that would allow it to be implemented. One proposal is that the University provide a catastrophic plan everyone and a medical savings account (with pre-tax dollars) that can be carried forward each year. This puts decisions back in the hands of employees but it is an untested system that could have a lot of pitfalls. This approach could be the wave of the future and replace HMOs.

The moral of the story, Professor Murthy observed, is "don't get sick." Professor Goldstein reported that George Seltzer, the retiree representative on the Committee on Faculty Affairs, told SCFA that when one retires one encounters all kinds of illnesses and afflictions one has never heard of; the moral, Professor Goldstein said, is never to retire.

The defined contribution plan does solve some problems, Professor McGehee said. If one wants to use the money for Complementary and Alternative Medicine, one can do so. The accounts are portable. The money can be used anywhere. But there may also be a lot of problems with the plan.

Such a plan would be a disincentive to seek preventive care, Professor Ratliff-Crain suggested. People would not want to trade their insurance for such a plan. There will be insurance, Professor McGehee said, but first-dollar coverage will likely disappear in the future. This is by far the cheapest plan, he said, which is why it is so attractive to employers.

-- There are about 15,000 employees at the University, with about 30,000 covered individuals (the latter includes family members of employees). Would all 15,000 employees come along if the University separated from the state, Professor Goldstein asked? AFSCME has said in no uncertain terms that its members will stay with the state, Professor McGehee replied. If so, Professor Goldstein said, the University should look for a plan attractive to faculty, P&A staff, and civil service staff. And to MnSCU, Professor McGehee added; the University has a lot in common with MnSCU. But a decision has to be made by December 31--and there is no clear path emerging.

-- Professor Morrison reflected that he has been involved in these discussions two, four, six, and eight years ago, and longer, and the situation with the state always looks good in September and then deteriorates by February, once the University has signed on for another two years. Unless the University can get hard numbers, a good deal, and a FIRM deal from the state, it should split, he maintained--and it should not settle for a "we'll look at that option" promise. If AFSCME wants to stay with the state, he added, that is acceptable.

Would the cost to the University change if AFSCME were not part of the group, Professor Rabinowitz asked? Professor McGehee said there are two parts to the answer. First, it only takes a few thousand employees for a plan, so even if the University only had 10,000 it would still be amply large enough. Second is the impact on the market; the University, for example, would be able to get a better deal with a provider such as HealthPartners because it would increase HealthPartners' share of the market.

Professor McGehee pointed out that there are large political forces at work in all of this. The Governor, the community, and AFSCME all have much influence with the legislature. The legislature provides the University's budget; it is possible there would be political repercussions from a decision to separate from the state.

If the University were to separate, Professor Morrison asked, would it offer only one product or a range of options? Professor McGehee said that offering only one option would be a disaster; there would have to be more than one. The state, on the other hand, seems to be moving to one option. There are clear differences between employee groups; what the University has now is what AFSCME wants: the premium level and first-dollar coverage are most important. Faculty are willing to make trade-offs to have more choice.

Professor Morrison said that this issue will need to move to resolution by mid-October so it will appear on the agenda of meetings between now and then. He thanked Professor McGehee for all his work, and adjourned the meeting at 3:50.

-- Gary Engstrand

University of Minnesota

Excerpt from the Minutes
Senate Committee on Faculty Affairs
August 31, 2000

2. Report from the Health Plan Task Force

Professor Goldstein welcomed Professor Richard McGehee, chair of the Health Plan Task Force (hereinafter HPTF) to provide an update.

Professor McGehee distributed a handout, noted that this is the beginning of the third year of work for the HPTF, and recalled that last January they hired consultants to help them with their work. They have recently been analyzing the data gathered by the consultants.

One of the big questions has been whether the experience data for the University of Minnesota employees would differ from that of the state as a whole: are University employees more expensive? The HPTF faced two problems in trying to find an answer: first, they could not obtain state data and the data for the University were not as good as might be wished, and second, they had nothing to compare the data with (e.g., state employees) and could only make educated guesses. Given those caveats, however, it APPEARS that the University MAY be roughly 2% more expensive--but with the assumptions made in

evaluating the data, that conclusion falls within an error margin of plus or minus 5%. After three tries at evaluating the data, Professor McGehee said, the best guess is that there is essentially no difference in cost.

The results of the recent survey of University employees about health care will be released next week. Overall, 81% of University employees were satisfied or very satisfied with their health care coverage. That number makes it sound like the HPTF should go out of business, Professor McGehee commented, except that the consultants say the benchmark is 80% satisfaction to be considered acceptable. The University results meet that benchmark, but with what the University is paying and with first-dollar coverage, the result should be a higher satisfaction rating--or the University should be paying less.

There was, however, significant dissatisfaction with the mental health benefit, Professor McGehee reported (of those who had an opinion about it).

The survey results for University employees as a whole indicated that the factors that affect plan choice are (in order): 1. premium level, 2. primary care physician choice, and 3. out-of-pocket expenses. The results are not the same when only faculty responses are considered; the factors are: 1. primary care physician choice, 2. specialist choice, and 3. premium level. Faculty are more concerned with choice than with the premium level. (Because of errors in the data base, the opinions of other groups of employees--civil service, bargaining unit, P&A--cannot be separated from the group as a whole.)

One big surprise came in the priority respondents had for additional benefits. There was a tie for first: improved out-of-area coverage and Complementary and Alternative Medicine. Third was a non-managed care option and fourth was "other" (the major response in this category, although not a significant sample, was a request for "no change at all"; another was for domestic partner coverage). When the faculty priorities for additional benefits were identified separately from the entire group, they were out-of-area coverage, a non-managed care option, "other," and an improved mental health benefit. Complementary and Alternative Medicine were "not on the radar screen" for faculty.

There were two surprises in the survey results, Professor McGehee told the Committee. First, that 58% of employees have paid for non-covered medical expenses (and this does not include copayments). This was a surprise given the first-dollar coverage that is provided; Committee members pointed out that people must still pay for glasses, laser surgery, hearing aids, and so on. The second surprise was the priority non-faculty placed on Complementary and Alternative Medicine.

The HPTF sent out a Request for Information to potential health plan providers, Professor McGehee reported. There is a lot of interest in the University's business (there was a fear that if the University separated from the state, no one would want the business; that is proving not to be true). For example, HealthPartners sent an aggressive proposal with great prices and with enthusiasm for the idea of the University separating. These kinds of proposals must be taken with a grain of salt, Professor McGehee observed, because prices can be good the first year or two and then escalate afterwards. He told the Committee of other providers that have also expressed interest, including Allina, BHCAG, and Blue Cross-Blue Shield.

There is also a new movement in health care which is a defined contribution plan rather than a defined benefit plan. This is a movement in early stages but employers appear to be going in that

direction. Each employee is provided a major medical (catastrophic) insurance policy and also given a certain amount of money (or a percentage of salary, or some formulaic amount) and then goes shopping to buy the desired health coverage; the funds are put in an account and can be accumulated. The obvious advantage to the employer is that costs are predictable. This is a practice that is gaining momentum; the University received a very attractive proposal from one of the providers. This alternative is far cheaper than the managed care or other options.

Professor Seltzer inquired if the proposals include retirees. Professor McGehee said they do not, only active employees and early retirees. Professor Seltzer observed that retirees pay 100% of their plan costs--and are at the stage in life when they get sick with illnesses they have never heard of. This is not only a matter of prescription drugs, he pointed out. There needs to be continuity of care for retirees, Professor Altholz added.

Professor McGehee said that this new player (defined contribution plan) in health care could not handle all of the University's business; there is also a question of how it would affect the risk pool. The University would have to be careful; there is a good chance that all the healthy people would pick the defined contribution plan--the cheapest option--and that the other health care providers would have those employees with higher medical costs. One way to avoid the problem, Professor Goldstein said, would be for the University to put into the health care savings account an amount that would bring the cost for employees to the same level as the other care providers so that its payment for employees for the lowest-cost provider would not make the defined contribution plan easily the most attractive. Professor McGehee agreed that the risk adjustment issue would have to be addressed: there would have to be a formula to adjust the payments to providers who attract the sicker people.

How would this affect young families with children, Professor Melsa inquired? If they chose the defined contribution option, they would take the risk, Professor McGehee replied. He said that it would be foolish for the institution to offer only that one option.

Professor McGehee then told the Committee that the state has reacted to what the University has been doing. There is a new commissioner and assistant commissioner at the Department of Employee Relations (DOER) who are willing to talk to the University about a new approach to working with it. They are willing to change the way the University talks to DOER about health benefits, although how so is yet undefined. Ideally that means bypassing the collective bargaining process altogether and talking directly about modifications to the health plans that might be available only to University employees. This is an ongoing process and it is an open question where it might come out.

Everything must be decided by the end of the year, Professor Goldstein pointed out. He asked about bringing the consultants to speak with SCFA; Professor McGehee said he would arrange it.

Professor McGehee warned that one big question that must be dealt with soon is the process: there has been no definition of how University employees talk to the employer if the University leaves the state. What ongoing process will be established to obtain employee views on health care benefits?