

Minutes*

Faculty Affairs Committee
Thursday, May 7, 1992
3:15-5:00 p.m.
608 Campus Club

Present: Avner Ben-Ner (Chair), Carl Adams, Carol Carrier, Mary Dempsey, Ann Fallon, Daniel Feeney, Roger Feldman, Richard Goldstein, Morris Kleiner, Diane Mulvihill, Roger Paschke, Donald Rasmusson, George Seltzer, Bernard Selzler, W. Donald Spring, Michael Wade

Guest: Robert Fahnhorst, Alan Watts (President, PRISM Inc.)

CHAIR'S REPORT

After convening the meeting at 3:15 p.m., Professor Ben-Ner reviewed the May 7 and June 4 SCFA agendas and immediately turned to the first item of business.

REPORT OF THE RETIREMENT PROGRAM SUBCOMMITTEE

Professor Goldstein, Chair of the Retirement Program Subcommittee, distributed two handouts on the Faculty Retirement Plan. One was titled "Proposed Options" and the other "Current Options." After reviewing the potential risks for both the current and proposed options and the desirability to have a greater number of options available for faculty to choose from, the Subcommittee voted to recommend the addition of three new options to the Faculty Retirement Plan. They include:

- 1) The Benham Target Fixed Income fund--a series of government bonds (primarily zero-coupon bonds) with maturity dates spanning over a 25-year period. The Benham fund offers an individual the opportunity to choose the maturity date and know what his/her rate of return will be over that period of time. The market risk is essentially zero if one waits until maturity. The Subcommittee, Professor Goldstein said, ranked its risk factor at "4" and noted that rankings are not proportional (i.e., a ranking of "6" does not mean an option is six times as risky as an option ranked "1.")
- 2) The Wellington plan, under the Vanguard family--a mixture of stocks and bonds (60% stocks; 40% bonds) with a risk factor of "8."
- 3) The Vanguard Trustees Commingled Fund--an international stock portfolio with all investments in companies outside of the United States. It is more susceptible to changes in the exchange rate and is ranked "10" in the risk category.

Professor Goldstein said MN/NWNL and TIAA continue to represent the lowest risk and the

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equity accounts the highest. In answer to questions about the costs and administration of adding the new options, Professor Goldstein said the new plans would be administered through MN Mutual and the administrative costs would equal approximately 1/10 of one percent.

A motion to endorse the addition of the three proposed new options to the Faculty Retirement Plan were unanimously approved.

Professor Ben-Ner thanked the Subcommittee for their outstanding work and contributions to all faculty at the University.

REPORT OF THE SUBCOMMITTEE ON BENEFITS OTHER THAN RETIREMENT (FACULTY VACATION POLICY)

Professor Rasmusson, chair of the Subcommittee on Benefits Other than Retirement, brought back to SCFA a proposal to incorporate wording from the 1980 Faculty Vacation Policy into the University's current policy. It included the following:

Under special circumstances, accrued vacation days may be postponed into the subsequent year. The number of deferred vacation days must be agreed on by the academic employee and the department head, and a written document approved by the department head must be sent to the academic office. The deferred vacation days must be utilized within the subsequent year otherwise they are forfeited.

While SCFA members favored the addition of flexibility in the policy, they did feel a time limit should be imposed to prevent vacation carryover indefinitely and that the wording should be revised to prevent a misinterpretation that accrual can go beyond 22 days.

Professor Rasmusson agreed to revise the document and bring it back for discussion on June 4.

REPORT ON THE MERGER OF THE ACADEMIC PERSONNEL AND CIVIL SERVICE PERSONNEL DEPARTMENTS

Associate Vice President Carol Carrier introduced Mr. Alan Watts, President of PRISM, Inc.; the consultant firm contracted by the University to review the possible merger of the Academic and Civil Service Personnel Departments. Dr. Carrier reported that the University currently employs approximately 11,600 fulltime and part-time academic employees and 13,500 civil service employees. The Academic Personnel Department is housed under the Vice President for Academic Affairs and provides a variety of services. Some of its major responsibilities include processing all paperwork associated with academic employees, writing policies, consulting with departments on hiring policies and procedures, offering professional development programs, providing training on collective bargaining contracts, and serving as the central-level management office for the promotion and tenure process for central administration. The Civil Service Personnel Department currently reports to the Senior Vice President for Finance and Operations and oversees the Employee Benefits Department and all areas related to labor relations.

The advantages of merging the two departments include:

1. the ability to create a stronger and more positive human resource organization;
2. the establishment of one central location for employees to address all personnel-related issues;
3. the ability to create a single data base that will include information on all employees; and
4. the ability to consolidate resources.

Dr. Carrier also anticipates that in the future the University will be playing a more active role in such areas as developing broader benefit programs, accommodating retired faculty, providing assistance for individuals moving into the Twin Cities, etc.

Given the differences in the policies and procedures for academic and civil service employees, some SCFA members expressed concern about the ability of one department to have the expertise necessary to address all employee needs. Their major concern, however, was with the reporting lines. It is critical, said one member, that the vice president making tenure and promotion decisions be the Senior Vice President for Academic Affairs. Committee members agreed that keeping the mission of the University should be an important consideration in the decision-making process and it strongly recommended that if the two departments are merged, they report to the Senior Vice President for Academic Affairs.

Dr. Carrier again pointed out the importance of combining the databases, but one person suggested integrating the databases should not mean the structures need to be combined. Dr. Carrier will keep SCFA apprised of plans as they develop.

FACULTY COMPENSATION POLICY

Turning next to the compensation document, Professor Ben-Ner said a number of additional amendments had been received since SCFA's last meeting that needed to be addressed before the May 14 Senate meeting. They included:

1. Amendments submitted by the Academic Staff Advisory Committee to include academic professional and administrative staff under the policy. While SCFA members did not disagree with the intent of the recommendation, they did feel inclusion of the professional and administrative staff raises additional issues (e.g., promotion and tenure decisions, differences in policies and procedures) that most likely would prohibit passage of a policy this spring. One alternative would be for professional and administrative staff to develop their own similar policy.

A motion to broaden the language of the policy to include academic professional and administrative staff failed.

Professor Ben-Ner will advise the Academic Staff Advisory Committee of SCFA's discussion and decision.

2. An amendment to paraphrase the criteria drawn from the tenure and promotion regulations in order to allow inclusion of participation in the governance of the institution and other services to the University and to the academic unit. Committee members felt service was adequately addressed in the document and that greater specificity was not necessary.

A motion to approve the amendment failed.

3. An amendment to define "academic unit" in a way that the diversity of organizational arrangements throughout the University can be accommodated. SCFA agreed the language should be amended to read: "For the purposes of salary discussion and determination, the relevant academic unit is the departmental or budgetary unit, whichever is smaller."

A motion to insert the clarifying language into the policy was approved.

4. An amendment to append to the first sentence of the section "Allocation Format," the clause "following appropriate consultation." The change is meant to emphasize that decisions on the allocation of funds to the "across-the-board" and "merit" pools should be done in consultation with appropriate governance committees.

With little discussion, the amendment was approved.

The committee also agreed that the first sentence of the document should be changed so that the wording is consistent with the Tenure Code.

A small group of SCFA members will meet to revise the document for presentation to the Faculty Consultative Committee and the Faculty Senate on May 14.

The meeting was adjourned at 5:00 p.m.

--Martha Kvanbeck

University of Minnesota