

Minutes*

Faculty Consultative Committee
Thursday, September 15, 2005
1:15 – 3:00
238A Morrill Hall

Present: Jean Bauer (chair), Gary Balas, Nancy Carpenter, Barbara Elliott, Dan Feeney, Mary Jo Kane, Morris Kleiner, Kathleen Krichbaum, Scott Lanyon, Marvin Marshak, Judith Martin, Richard McCormick, Fred Morrison, Terry Roe, Martin Sampson, John Sullivan, Jennifer Windsor

Absent: Megan Gunnar, Steven Ruggles

Guests: Board of Regents' Chair Anthony Baraga, President Robert Bruininks; Jackie Singer (Director of Retirement Benefits)

Other: Lynn Holleran (Office of the Chief of Staff)

[In these minutes: (1) structure of the Senate docket; (2) discussion with Regent Baraga and President Bruininks; (3) post-retirement health care; (4) strategic planning steering committees]

1. Committee Business

Professor Bauer convened the meeting at 1:15, reviewed the agenda for the meeting, and then raised the question of the structure of the Senate docket. In the past, and in the draft docket for the September 29 meeting, items for the Faculty Senate and University Senate are mixed together. Should they be separated?

Committee members spoke in favor of segregating the docket, with University Senate items first and Faculty Senate items following. It was agreed that formal adjournment and convening would not be required but that there should be separation of the two meetings.

Committee members then reviewed the Faculty Senate docket items.

2. Discussion with Regent Baraga & President Bruininks

Professor Bauer next welcomed Board of Regents' Chair Anthony Baraga. The Committee and Regent Baraga discussed strategic planning, its relationship with the proposed new budget model, the meaning of the announced goal of being among the top three public research universities in the world, and faculty concerns about the goal and how it might be reached.

President Bruininks joined the meeting. Discussion about strategic planning continued; the President also touched on the appointment of the new Chancellor at the Crookston campus, developments

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with respect to Rochester, information going to the Board of Regents that should also come to the Committee, and responses to Senate actions last spring.

Professor Bauer thanked Regent Baraga and President Bruininks for joining the meeting.

3. Post-Retirement Health Care

Professor Bauer now welcomed Jackie Singer, Director of Retirement Benefits, to present data she had prepared last spring for the Senate Committee on Faculty Affairs (SCFA).

Ms. Singer related that SCFA had asked her to look into how Wisconsin pays for post-retirement health care; she investigated and prepared the information contained in the handout. She quickly walked the Committee through the handout and noted a number of salient points (the data are for the Madison campus 2001-02; data for Minnesota are 2003-04):

- The mean faculty age at Minnesota and Wisconsin is about the same (50 and 49, respectively).
- The mean faculty age at retirement is 63 at Wisconsin, 66 at Minnesota.
- 3.4% of faculty retired at Wisconsin; 2.8% at Minnesota. In 2005, the number for Minnesota was 2.1%.
- About 51% of the faculty at Minnesota are 50 or older; about 47% at Wisconsin.
- Wisconsin can subsidize post-retirement health care because it has a completely different system from Minnesota's: sick days are tracked, accumulated, funded, and banked, and banked sick days are used, at point of retirement, to fund post-retirement health insurance.

Professor Kleiner noted that about Minnesota has about 50% more faculty over age 70 than Wisconsin and about 29 percent more between the ages of 60 to 69, assuming about equal faculty sizes. The Wisconsin retirement rate is about 18% higher than Minnesota's; over time, Minnesota will continue to have a much older faculty than will Wisconsin, if these trends continue.

Professor Feeney recalled that in 2002 the Retirement Subcommittee created several models for funding post-retirement health care savings accounts. The proposal that seemed most workable called for decreasing the Faculty Retirement Plan contribution as it exists and diverting some fraction into a post-retirement health care savings account instead. The withdrawals from the retirement plan are taxable; the withdrawals from the health care savings account are not, a distinct advantage. The proposal hit a brick wall in the Faculty Senate. The arguments were that the current faculty retirement plan should not be touched, that the proposal opened a Pandora's Box, and that it did not benefit those who were already 55 or older (although those individuals would not have LOST anything from the proposal). One person argued that there will be national health insurance so the proposal was not necessary. And concerns were raised about how contributed dollars could be passed to and spent by heirs. Three years later, the University is no closer to post-retirement health care. This Committee will have push on the issue if other Senate Committees are to be expected to do anything more with the idea, after the Senate reaction. He said he worried about the Senate reaction if the discussion were begun again. (He noted that people WILL spend post-retirement dollars on health care; why not, he asked rhetorically, spend tax-free dollars?)

Professor Windsor inquired about international faculty, who will not need post-retirement health care because they will be covered at home when they retire. That question was raised, as was one about

individuals who would have such a large balance in their account that they could not use it all for health insurance premiums, Ms. Singer said. In the latter case, the funds can be used by dependents for health care, or they can be distributed to others, but if not used by dependents for health care they are then taxable. There were provisions for waivers for those in special circumstances, such as international faculty or families that had other post-retirement health care. In the case of international faculty, while there might be a few specific waivers for individuals who retire to certain selected countries with specific types of health care systems, there might remain possible tax disadvantages associated with drawing out the funds as retirement rather than for health care costs.

It was agreed that this topic would be brought up again at the next meeting to determine if the Committee wished to proceed further. Professor Bauer thanked Ms. Singer for her presentation.

4. Other Business

Professor Bauer reported that Committee members are being appointed to the steering committees that are coordinating various groups of strategic planning task forces. Professor Lanyon said it would be helpful if those appointed were given some direction; it appears to be a one-way flow of information from the representatives back to the Committee. Professor McCormick said that the President's letter solicited expression of opinions so it would seem entirely appropriate for FCC representatives on steering committees to provide feedback as well.

Professor Bauer also pointed out that some Committee members are on task forces.

She adjourned the meeting at 3:15.

-- Gary Engstrand

University of Minnesota