

Minutes*

**Senate Committee on Faculty Affairs
Tuesday, March 22, 2005
2:15 – 4:00
238A Morrill Hall**

Present: Morris Kleiner (chair), F. R. P. Akehurst, Matthew Brittner-Stull, Carol Carrier, (Jackie Singer for) Dann Chapman, A. Saari Csallany, Janet Ericksen, John Fossum, Patricia Frazier, Darwin Hendel, Theodor Litman, Steven McLoon, Kelly Risbey, Kathleen Sellew, Oriol Valls, Larry Wallace, Aks Zaheer

Absent: Jesse Daniels, Richard Goldstein, Timothy Wiedmann

Guests: none

[In these minutes: (1) tuition benefits for dependents of employees; (2) exit interviews of faculty; (3) waiting period for health care coverage; (4) update on the retirement plan waiting period; (5) budgets and the strategic plan]

1. Tuition Benefits for Employee Dependents

Professor Kleiner convened the meeting at 2:30 and turned first to a draft resolution on tuition benefits for dependents of employees. He noted that this brings back a matter that was reported to the Faculty Senate in 2000. Tuition benefits do have a price tag that needs to be weighed with the benefits.

Professor Kleiner noted that part of the MNSCU labor agreement is that all members of the MNSCU faculty organization are entitled to enroll in classes, as available, for up to 27 credits per year, and that this benefit includes spouses and dependents.

Ms. Sellew pointed out that according to the analysis presented to the Committee, the tuition benefit does not have a price tag when the savings on employee turnover is taken into account.

Professor Fossum said that he and Professor Goldstein and others worked on this issue a great deal in the past and that there was widespread support for it. He moved adoption of the resolution.

One question that comes up, Professor Kleiner said, is whether there has been an administrative analysis of the information in the report. Vice President Carrier said there has been no analysis since 2000, and there would need to be. Professor Kleiner asked if she was confident the results would be stable. Professor Fossum affirmed that the analysis was conducted on the basis of retention. The issue came up in steps. First there was a report from Employee Benefits in 1998-99 in response to an expression of interest on the part of this Committee. That report looked at the tuition benefits offered by the Big Ten schools and selected Ohio State as the one most similar to Minnesota. Employee Benefits then modeled a program at Minnesota based on the Ohio State data. The estimate from that report was

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that if Minnesota employees took advantage of the benefit to the same extent that Ohio State employees did, the cost would be about \$1.4 million per year (given a 50% tuition waiver). There have been tuition increases since that report was prepared that would have to be taken into account in a new analysis. There would probably not be any change in the expected participation rate.

After that report, Professor Fossum related, the administration said the program was too expensive. So they revisited the issue and concluded that a tuition benefit would increase the retention of employees, especially P&A and civil service staff and bargaining unit employees. It was their judgment, from anecdotal evidence, that employees left the University and went to other institutions because the benefit was important and other places provided it. The University lost valued employees and had to do a great deal of training to replace them. They did a simulation of what it costs to hire employees into comparative positions and assumed the tuition benefit would reduce turnover by 10% per year. They concluded, in comparing savings in turnover with tuition costs, that the University would save money—clearly so if the benefit were 50%—and would break even if the benefit were 100%. Their conclusion was this would be a positive Human Resources management practice, the costs of which would be offset by reduced turnover and increased employee loyalty and other externalities.

Ms. Sellev noted that the benefit for MNSCU dependents went through age 25; would the University's benefit parallel that provision? It would not, Professor Kleiner said; it is just an example of a potential benefit.

Professor Fossum said that their assumption was that the program would do two things. First, it would make available and encourage rapid progress to a degree. The dependents must be regularly-admitted students when they enter; they can enter at any age but they only receive four years of benefit. The only way to challenge this is to say the benefit is too optimistic, Professor Valls said. The worst case is that there is no financial benefit to the University and the cost is the \$1.4 million (plus any increases since 2000). Professor Zaheer noted that the costs of employee turnover have gone up as well; Professor Fossum agreed but said they have probably not increased as much as tuition.

Professor Kleiner noted that other universities have used their endowments to finance the benefit; is that an issue or something left up to the University? They left that up to the University, Professor Fossum said.

If the effort is revisited, Dr. Carrier said, there should be a reference to the strategic positioning effort and the focus on faculty culture. She said one clear factor that helps retain P&A employees is the Faculty Retirement Plan, which is above-market for most P&A staff and almost certainly has a greater impact on turnover than would a tuition benefit. But she agreed that the benefit would help reduce turnover in both P&A and faculty categories.

The pensions are pretty portable, Professor Fossum observed; if someone goes to another university, they can pick up a pension. They tried to avoid opportunistic behavior with the tuition benefit by putting a requirement for service at the University (five years) before an employee is eligible for the tuition benefit for dependents.

Professor Frazier asked if they had considered the arguments about fairness to employees without dependents. They did, Professor Fossum said. Every benefit is more positive for some group of employees (if you are sick, health care is more of a benefit than if you are healthy). They believe this is

an important benefit for two reasons. The benefit could substantially increase commitment and loyalty to the University, which is good for everyone. Second, the University is in the business of educating young people; the tuition benefit could accrue to employee children, which would be especially important if the family did not have a way to finance a college education. The benefit could serve as a motivator for children who might not otherwise have the option to attend the University. They believe the benefit is an excellent investment in human capital. Professor Frazier commented that she favors the benefit.

Professor McLoon said he still did not favor the benefit but thought the strongest selling point if that it is a recruiting tool for strong undergraduates. To improve the undergraduate class increases the quality of the University. He said he would challenge the assumption that the University wants to decrease the turnover of P&A staff. It is not the case that more years of service is better, he said; they have postdocs and others who should get through with their work and get out to other institutions. It is good for the University if they do so. Vice President Carrier agreed that turnover is good; the University has relatively low turnover, but the Faculty Retirement Plan likely has a greater impact than a tuition benefit would.

Professor Fossum agreed with Professor Kleiner that the benefit would aid the University in becoming one of the top three public universities in the world.

Professor Fossum's motion passed 12-0 with one abstention. Here is the text of the motion as finally approved, which will appear on the Senate docket:

MOTION:

That the Faculty Senate adopt the following resolution:

Whereas the University of Minnesota seeks to become one of the three best public research universities in the world, which aspiration perforce includes the recruitment and retention of the highest-quality faculty, staff, and students, and

Whereas the University of Minnesota, as a land grant institution, has as one of its central missions the education of highly-qualified undergraduate students, and

Whereas the University of Minnesota benefits from the efforts and commitment of all of its employees, and

Whereas University of Minnesota employees, especially as employees of an institution of higher learning, understand the benefits of higher education and seek to make them available to their children/dependents, and

Whereas the University of Minnesota desires to improve the effectiveness of its workforce and reduce employment costs by reducing employee turnover, and

Whereas the faculty of the University of Minnesota seeks a stronger sense of community among all employee groups, each of which contributes to the mission of the University, and

Whereas it can be demonstrated that the inclusion of a partial tuition remission benefit

would reduce employment costs under relatively conservative assumptions, therefore

Be it resolved

-- that the Faculty Senate strongly recommends that the children/dependents of all University employees having accrued 5 or more years of uninterrupted University service be granted a 50% tuition reduction upon being regularly admitted to an approved undergraduate program leading to a bachelor's degree,

-- that the tuition reduction apply for the first four years of a child/dependent's enrollment, during periods in which the child/dependent student is in good academic standing; and

-- that the percentage of tuition covered by the benefit increase by 10% for each additional year of uninterrupted service through year 10.

COMMENT:

This resolution was approved by the Senate Committee on Faculty Affairs (SCFA) and the Faculty Consultative Committee in 2000 and reported to the Faculty Senate for information at its April 20, 2000 meeting. No tuition benefit has been offered for dependents of University employees.

The case for the benefit, if anything, is stronger today than it was five years ago. The competitive pressures on the University have increased and SCFA is aware of cases where departments have been unable to retain outstanding faculty members because the University did not offer a tuition benefit. When most other Big Ten schools, most private institutions, and the MNSCU institutions offer such a benefit, the University puts itself at a disadvantage in recruiting both faculty and staff by failing to offer it as well. Moreover, as the SCFA study at the time demonstrated, it is likely the University will save money with such a benefit because it will reduce staff turnover; see the attached analysis.

SCFA urges the Faculty Senate to vote in favor of the resolution.

Later in the meeting it was noted there may be interest in the media in this benefit. Professor Fossum said that the recommendation comes from a faculty committee but is aimed at all non-bargaining-unit employees at the University (the University cannot impose a benefit on bargaining unit employees). This Committee is interested broadly in University employees and dependents.

2. Exit Interviews of Faculty

Professor Kleiner next presented a second draft resolution concerning exit interviews of faculty. This came up because of the attitude survey data, he recalled: why do people leave? What can the University do to reduce the likelihood that faculty will leave for another institution? One issue is how to implement the resolution if it were accepted by the administration: would the administration do it? faculty members? retired faculty members?

What are the costs, Professor Zaheer asked? There would be personnel time, Vice President Carrier said. About 150 faculty leave each year, so it would require a substantial amount of time to talk to them all. If retired faculty were to conduct the interviews, there would be a coordinating cost. What has been done in the past, Professor Zaheer asked? They tried a paper-based survey but have not gotten a good response rate, Dr. Carrier said.

This resolution suggests putting more effort into the interviews, Professor Kleiner said. The question is whether it would be worth the cost, which will be higher or lower depending on who does it. The department may have the best idea about why someone is leaving, Professor Csallany said; should the department head be interviewed? Professor McLoon said that if he were designing the process, he would interview both, but said it is most important to find out from the person why he or she believes they are leaving; the department might not be honest about the reason. Professor Kleiner said he agreed, that there might be bias on the part of a department head or dean. The reasons faculty might leave could be complex, Professor Hendel said, and intertwined with a host of issues in the department and college. If insightful data are to be collected, the interviewer must be as distant as possible from the situation; if not, the interviewee will be more likely to say positive things and not provide a full perspective. Once the interviews are done, there would need to be a narrative for the year on why faculty left, or the data might not be useful.

Professor Litman said that retired faculty might be willing to conduct the interviews, but not as free or cheap labor. They do not have unlimited time. If the work would be of value to the University—which it would be—the retired faculty should be paid. Professor Kleiner said it would perhaps be a LOWER cost to use retired faculty, but not that it would be free.

Would there be a commitment to do something with the information once it is collected, Ms. Seller asked? This Committee and others would "shine the light of day on them," and could use moral suasion on administration to change their behavior, Professor Kleiner said.

The Committee voted unanimously in favor of the following resolution:

MOTION:

The Faculty Senate requests the administration to establish the practice of conducting an exit interview with every tenured and tenure-track faculty member who leaves the University.

COMMENT:

On April 25, 2002, the Faculty Senate approved the following statement: "The Faculty Senate requests the President to direct the Office of Human Resources, in concert with a subcommittee of the Committee on Faculty Affairs, to develop a strategy for gathering systematic information from faculty who leave the University for other academic positions. An annual report of the findings from faculty who have left should be presented to the Committee on Faculty Affairs."

The response of the administration was this: "The Administration strongly supports the spirit of this request and will direct Vice President Carol Carrier and Vice President/Vice Provost

Robert Jones to work with the subcommittee to determine need and benefit, discuss options and strategies, and determine cost to benefit ratio for the proposed new Human Resources program."

The Senate Committee on Faculty Affairs (SCFA) on February 1, 2005 heard from Vice President Carrier and Ms. Julie Sweitzer (Director of the Office of Equal Opportunity and Affirmation Action) about surveys that are provided to all faculty and staff who leave the University for reasons other than retirement. The response rates from faculty are very low and provide no information that is of any use. It appears that there has not been significant progress in implementing the resolution adopted in 2002.

SCFA continues to believe, however, that this information would be extremely valuable. If the University is losing good faculty members to other institutions, or to the private sector, it needs to know the reasons in order to take steps to prevent the erosion of faculty quality. SCFA thus recommends that the Faculty Senate again request the administration to conduct exit interviews for all faculty who leave the University. SCFA does not propose to tell the administration how to conduct them, but only asks that such some one or group be charge to begin conducting such interviews as soon as possible.

SCFA would have no objection to interviewing faculty who leave because they are retiring, but in the interest of conserving resources and using them where they can provide the most useful information, we recommend that at a minimum the University interview those who leave for reasons other than retirement.

3. Waiting Period for Health Care Coverage

Professor Kleiner turned next to the waiting period for health care coverage, which is now 30 days. Should the Committee adopt a resolution concerning the waiting period?

Ms. Singer said it was her understanding that this issue came to the Benefits Advisory Committee (BAC) about two years ago. The University had the waiting period because it was part of the state plan, before the University separated from the state; Dr. Carrier said the waiting period probably dates back to the 1940s.. The BAC learned that there would be an additional cost for eliminating the waiting period. Individuals can get health coverage, but at full cost, to bridge the waiting period. It is not unheard of to have a waiting period, although it is not as prevalent in Big Ten universities as it is in private institutions. She said, however, that she did not see it as a big issue.

What is the rationale, Professor Kleiner asked? Cost savings to the University, Ms. Singer said, and in those cases when an employee does not pass probation in 30 days, the change can be made without paying benefits (i.e., in those cases when it is apparent nearly immediately that a hire will not work out). Professor Valls said he did not believe the waiting period would seriously inconvenience very many people; they either have coverage or they pay for it. This is small potatoes, he said.

Professor Fossum recommended that the Committee defer to the BAC, which is a more competent group to look at the issue. The Committee can ask the BAC to take up the issue if it receives comments. Professor Valls moved to send the issue to the BAC.

Professor Csallany said she believed the waiting period was unfair. People may not have insurance and may not be able to afford it. 30 days is arbitrary; people should have coverage when they join the University. One reason it is in place, Dr. Carrier said, is to avoid the situation where people hop to a job at the University in order to get some major medical problem covered, and then leave after it is taken care of. She said she did not know if that is a big issue but it is the reason the practice was put in place.

The Committee agreed to defer to the BAC.

4. Update on the Retirement Plan Waiting Period

Professor Zaheer inquired about the Committee's resolution seeking elimination of the two-year waiting period for the Faculty Retirement Plan. Vice President Carrier said that her office has done an analysis and provided it to the vice presidents, who will talk about it. So it is not clear yet that it will go through, Professor Zaheer commented. The vice presidents want to look at the data, Dr. Carrier said.

5. The Strategic Plan and Budgets

Professor McLoon said he was very concerned about two things he has seen: one is the goal of being in the top three public research universities in the world; the other is his department will see a reduced budget. Those are contradictory, he said; the University cannot have both. The University cannot retrench and simultaneously improve; there is a disconnect there. Perhaps the Committee should discuss this.

Professor Valls said that it is not the Committee's business. Improvement of the University involves moving money from one place to another. One cannot say that all departments should have an increased budget. He said he would not agree to any statement that says all departments should have increased budgets.

There is a serious problem if all departments are being cut, Professor Kleiner agreed. With no request for further discussion, he adjourned the meeting at 3:15.

-- Gary Engstrand