Minutes[*]

Senate Committee on Faculty Affairs
Tuesday, March 11, 2008
2:30 – 4:15
238A Morrill Hall

Present: Geoffrey Sirc (chair), Stacey Aronson, Ben Bornsztein, Arlene Carney, Carol Carrier, Dann Chapman, Tom Clayton, Jayne Fulkerson, Andrew Gerst, Kathryn Hanna, Morris Kleiner, Holly Littlefield, Theodor Litman, Anna Masellis, George Sheets, Roderick Squires

Absent: Vladimir Cherkassky, Erin George, Luis Ramos-Garcia, Elizabeth Stallman, Virginia Zuiker

Guests: Jackie Singer (Director, Retirement Benefits); Professor Ben Munson (Committee on Equity, Access, and Diversity)

[In these minutes: (1) salary data; (2) total compensation statement; (3) health –care savings plan; (4) faculty-expertise database; (5) rejuvenating "tired" professors: (6) resolution on same-sex domestic partner tax benefits]

1. Salary Data

Professor Sirc convened the meeting at 2:35 and noted a handout with national data on salaries. The handout is simply for information at this point; the matter of salaries will be on an agenda later in the spring. One fact in the data warrants notice: the considerable gap in salaries between public and private universities.

2. Total Compensation Statement

Professor Sirc now welcomed Ms. Singer to provide the Committee information on the Total Compensation Statement that has been developed by the Office of Employee Benefits. Ms. Singer said she was providing the draft statement for information and asking for comments from Committee members.

The point of the statement is to find a way to present a value (on those things to which one can attach a value) on working for the University, Ms. Singer told the Committee. She distributed copies of a draft statement that includes a cover letter from the President, a pie-chart depicting total compensation (including cash compensation, benefits, and tax savings), a summary of cash compensation and benefits, and estimated tax savings from pre- and after-tax benefits provisions. The statement was developed in consultation with a group that included representatives from HRMS [Human Resource Management Systems, aka payroll], Office of Human Resources communications, Compensation and Classification, and Employee Benefits. Vice President Carrier said that this first time the statement will be sent to the

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

home addresses of all employees (who are benefit-eligible); in the future, the statement may be delivered online.

The statement is backward-looking; the one that will be distributed this year will cover calendar year 2007. The cash compensation will include awards, overtime, etc. The benefits include both the employee's and the University's contribution. The tax savings are, perforce, estimated because they can only assume certain tax rates and savings. Ms. Singer noted that the University has 25 different benefits programs, and which employee uses which program depends on their employee class and the choices they have made (e.g., MSRS, Faculty Retirement Plan, optional retirement plans, Regents Scholarship, disability, etc.). The vacation, holiday, and sick leave rates are also included; the value of those benefits is in an employee's cash compensation but the RATES have been included.

Professor Sirc asked what the genesis and rationale for the statement is. Ms. Singer said they wanted people to have a better understanding and appreciation of the value of working for the University. People often look only at their cash compensation, not at all the benefits. In the future, when the statements are distributed (probably shortly after the time the W2 statements are distributed), people will be able to make year-to-year comparisons.

Professor Hanna said she thought this was a good idea but objected to the presentation of the vacation rates. Faculty do not receive paid vacation and presenting the information this way conflicts with other University policies. Dr. Carrier said that if someone has a full-year appointment, technically they have an 11-month appointment that is paid over 12 months, so Professor Hanna's point is correct, but in practical terms, the information on the statement represents time away from work. That is true for both faculty and P&A staff, so there would be conflicts in both cases, she added. Professor Hanna said her point was that the statement implies people are earning paid time off, which they are not, and the statement should be congruent with University policies so that it does not come back to haunt the institution later. Dr. Carrier agreed that they can work on the language. Professor Hanna noted also that there may also need to be a change in the holiday information for those on 9-month appointments.

Is the overarching goal to make employees aware of their benefits, Professor Kleiner asked? It is, Dr. Carrier affirmed. Right now that information is spread all over. It will also provide the opportunity for employees to track the value of their employment over time, Ms. Singer added.

3. Health-Care Savings Plan (HCSP)

Ms. Singer next distributed a one-page set of slides dealing with a health-care savings plan option that might be proposed for faculty. [The money, from whatever source, is set aside in individual accounts and used to pay the cost of health –care coverage and IRS-allowed health care costs after someone has left University employment.]

She reported that she had spoken with the Retirement Subcommittee last week; the Subcommittee was puzzled about why the issue was on their agenda because they had already discussed and endorsed such a proposal. A plan has been taken to the Faculty Senate twice and twice it has been voted down, she said. The first time it came to the Faculty Senate, the proposal included a graduated rate based on years of service (so that faculty members who had been at the University for a longer period could—would—pay more in order to have more money available at retirement). Because it came in the year there was a salary freeze, there was no appetite for any additional deductions from income. The second time it came to the Faculty Senate the proposal included a small reduction in the University's contribution to the Faculty Retirement Plan (and instead putting the money in the health-care savings plan). There was also no appetite for changing the University's retirement plan contribution; that was seen as a slippery slope the Faculty Senate did not want to begin to go down. As a result, the proposal was not carried further.

They are bringing it back to the Committee again because other employee groups are signing up for the health-care savings plan (hereinafter HCSP). The Teamsters already have it, as part of their contract, other bargaining units are considering it, and the Civil Service Committee has recommended it be provided for Civil Service employees. Were they interested in the option when the Faculty Senate discussed it earlier, Professor Sirc asked? They were not, Ms. Singer said, this is a new interest. The Teamsters are the ones who brought the proposal to the negotiating table. Why, Professor Sirc asked? Because they recognized it is such a good deal, Ms. Singer said. Given that interest, they thought it might be time for academic employees to reconsider the option.

Vice President Carrier informed the Committee that the decision about the HCSP is made by employee group, and the entire group must participate, so the administration is bringing the proposal to each employee group.

This is a big benefit, Ms. Singer said. It is completely tax-free. The dollars going in are not taxed and the money taken out is not taxed. This plan is unique in the benefits world and is only available to government entities, not the private sector. She reviewed the elements of the proposal by way of example.

Assume someone retires at age 66, lives to age 80, covers himself/herself plus a spouse/partner both over age 65, and has 30 years of service, that average annual inflation is 3%, and a total tax rate of 22.05% (federal and state combined). Can he or she afford to retire?

A lot of people come to her office with that question, Ms. Singer related, and the information they receive is as follows. 2008 Health-care premiums for two adults (retired) are $490 monthly or $5880 annually. (And that is the lowest-cost plan; the high-cost plan, Blue Cross, is $618 per month or $7400 per year.) The 2008 dental premiums are $814 per year; Medicare Part B is currently $2314 per year. The 2008 total annual cost for all of these items is $9008. That is a considerable sum and a lot of people decide they can't afford to retire.

The value of the HCSP plays out this way (for example). Without the HCSP, one would withdraw $50,000 in retirement income, pay about $10,000 in taxes, pay $9008 in health-care premiums, and be left with about $31,000 in disposable income ($50K minus $10K minus $9K) . With the HCSP, one would withdraw $41,000 in retirement income, pay $8258 in taxes, and have $32,742 in disposable income; the HCSP would pay the $9008 in health-care premiums. The net annualized gain in disposable income from having the HCSP would be $1992, in combination with having to draw less in retirement funds to maintain the same standard of living.

The plan would, as she noted, have tax-exempt contributions and payments and would be administered by the Minnesota State Retirement System (MSRS). MSRS is very experienced at this, Ms. Singer said, and appears to be very good at it; because this is a government-specific plan, there are not many vendors providing this service. Contributions to the plan are not optional within each employee class that chooses the benefit and the money may not be withdrawn until retirement or when employment terminates. The money may also be withdrawn only for IRS-approved health-care costs. Qualified health-care expenses include medical, dental, long-term care, Medicare, and COBRA premiums as well as other items currently reimbursable through a flexible-spending account as "medical care."

The plan offers seven investment choices and carries investment fees that are quite low compared to Fidelity and Vanguard, for example. There are administrative fees of 65 basis points, capped at $11.67 per month, but the MSRS Board of Directors (which oversees the program) watches the charges very carefully because they only want to recover the cost of claims processing.

Ms. Singer noted again that contributions are not subject to state, federal, or Social Security/Medicare taxes, and account balances are withdrawn tax-free as well as long as they pay for qualified medical expenses. No taxes are ever paid on these amounts—the only time she has ever seen such a benefit. It is very unusual, she said.

What happens if someone dies before his or her account is exhausted? A spouse and dependents continue to draw on the account for qualified medical expenses, also tax-free. If one has no spouse or dependents, the designated beneficiary receives a life-insurance benefit based on the amount remaining in the account (e.g., if there were $36,000 in the account, the beneficiary would receive about $40,000 as a life-insurance benefit).

A possible plan design is this: a 2.0% faculty contribution to the Faculty Retirement Plan (FRP) and a 0.5% contribution to the HCSP. The current contribution is 2.5% to the Faculty Retirement Plan and -0- to the HCSP. There would be no change in an employee's deduction and no change in the University's contribution to the Faculty Retirement Plan.

Professor Kleiner asked if there are any tax implications to changing the faculty contribution from 2.5% to the FRP to 2.0% and 0.5% to the HCSP. Only on withdrawal, Ms. Singer said, none on the money going in. Funds withdrawn from the FRP are taxed, Dr. Carrier pointed out, but not those withdrawn from the HCSP. Both FRP and HCSP contributions are non-taxable when contributed.

Professor Hanna asked how much money would be generated by the 0.5% contribution. Ms. Singer said it would be about $3.3 million per year total for all employees in the FRP and about $25,000 in individual accounts for someone who worked at the University for 30 years—and she realizes this may not be enough. But if the plan can be started, and faculty are interested in it, it can be modified later. $25,000 would cover about three years of health-care premiums. Realistically, when could this proposal be implemented, Professor Hanna asked, given the need to implement the new Enterprise Financial System this spring. The earliest implementation date would be January of 2009, Ms. Singer said.

Professor Kleiner asked if any of the proposed national health plans have any implications for the HCSP. From all she has heard, Ms. Singer said, there would be out-of-pocket costs in any plan—she said she could not imagine a national health plan that did not have costs for participants.

Professor Sheets asked if individuals within an employee class could elect to put more money in than a plan might provide. They cannot structure the plan based on age, Ms. Singer said, because that violates the law, but they can use years of service as a proxy. When the HCSP was first proposed to the Faculty Senate, there was resistance to the idea that those with more service would contribute more because there are a lot of relatively young University employees who nonetheless have a considerable number of years of service. Those employees did not want to see an increased deduction at a point when they faced college expenses for children, etc. Vice Provost Carney later commented, in response to Professor Sheets' question, that there would be no provision for an individual to add to his or her HCSP like there is with the optional retirement plans. The IRS "hook" in this, Ms. Singer explained, is that it restricts the amount that be contributed and how it can be withdrawn, but allows individuals to roll balances forward (unlike with flexible-spending accounts) and imposes no taxes on the earnings.

What were the arguments made at the Senate when this was proposed, Professor Sirc inquired. Ms. Singer said people did not want to see increased deductions in a year when there was a salary freeze, they did not want anyone to touch the University's contribution to the Faculty Retirement Plan, and some thought there would soon be national health care so that this plan was not needed.

Professor Hanna asked about the prospect for salaries for next year. Vice President Carrier said the University intends to keep the 3.25% pool for increases, even though the state may end up cutting the University's budget. Professor Hanna surmised that there would still be resistance to taking money from the contributions to the Faculty Retirement Plan; had they considered perhaps taking 0.25% from the faculty contribution to the retirement plan and 0.25% from the salary increase pool, a sort of shared approach? Dr. Carrier agreed that possibility could be considered.

Professor Masellis asked if one could draw on HCSP funds for long-term disability. Ms. Singer said she would have to check but she said that if one claims Social Security disability income, one would think that HCSP funds would be available as well.

Are other schools providing this benefit, Professor Sirc asked? It depends on whether they are government employers, Ms. Singer said. A lot of government units are providing it and MNSCU is also.

In response to a series of questions, Mr. Chapman and Ms. Singer confirmed that current contribution to the Faculty Retirement Plan is this:

13% from the University
2.5% from the employee
____

15.5% total

Were the HCSP to be adopted, the contribution to the Faculty Retirement Plan would change:

13% from the University
2.0% from the employee
___

15% total

The other 0.5% would go to the HCSP.

Professor Fulkerson said she liked the idea and her only hesitance was because one does not know what will happen with health care. She said she was not sure there would be national health care, but if one put money into an HCSP over a long period, there could be quite a bit of money in it. What would happen if a national health plan were adopted? Ms. Singer said that the HCSP could still be used for costs for a spouse/partner or dependents, and if there were a national health plan that reduced costs to individuals to a low level, the federal government would have to address the handling of any existing HCSP accounts. She expressed doubt that a national health-care plan would pre-empt the need for the HCSP, however.

Would the HCSP cover long-term care, Professor Kleiner asked? It would, Ms. Singer said. If so, Professor Kleiner said, the HCSP funds could be used for that purpose because it is unlikely that long-term care would be covered in any national health plan. Nationally, Ms. Singer said, the annual cost of nursing-home care is $61,000, and one could pay long-term care premiums. Professor Litman pointed out that money for an individual to pay for long-term care insurance has to come from somewhere; if people use their retirement-plan income to pay for it, they must pay taxes on the money first, whereas if they use HCSP funds, they do not.

The only drawback to the plan is that it is mandatory, Professor Masellis commented. Professor Sheets speculated that the resistance to the graduated cost linked to years of service may arise because the money in one's retirement plan is disposable at the individual's discretion while the HCSP money is not. At the same time, however, the money is not available to someone still working irrespective of whether the money is going into a retirement plan or an HCSP. Mr. Chapman said he thought the resistance was more to an ADDITIONAL contribution beyond the 2.5% currently going into the Faculty Retirement Plan. No one (before this) thought to divide the employee's 2.5% contribution.

Vice President Carrier observed that every day the University does not offer this benefit, its employees are leaving money on the table. Do people want the extra $2000 per year or not?

Dr. Littlefield asked if the faculty and P&A were linked or separate on the HCSP. They are separate, Dr. Carrier said. A related issue is how to treat those who have two titles, one faculty and one P&A. Ms. Singer reported that the P&A staff had approved the HCSP, with a graduated schedule, but did not implement it when the faculty declined to approve it, because they did not want to split from the faculty in terms of the University's benefits package.

It would be helpful for faculty to think about several scenarios, Professor Fulkerson suggested, that include reassuring people about the state of health care now and in the future, and explaining that even the 0.5% contribution would not be enough to cover expected health-care costs for virtually anyone. Ms. Singer said she has sometimes been amazed at the amount of misinformation that people have. In one session with employees about the HCSP, one individual maintained that the HCSP was unnecessary because Medicare would cover everything and she would have no out-of-pocket costs.

Professor Kleiner said he was sympathetic to the argument made, when the Faculty Senate last discussed this proposal, that the University's contribution to the Faculty Retirement Plan should not be touched. He agreed that one does not want to open the slippery-slope discussion on pension contributions. But it is sensible to talk about the employee contribution to the plan. Ms. Singer said the Retirement Subcommittee was uncertain if the Faculty Senate would accept ANY reduction in the contribution to the retirement plan. Why, Professor Sirc asked? Ms. Singer said she did not know. Perhaps because the retirement-plan income is discretionary while the HCSP funds are not. Professor Kleiner pointed out that with the HCSP, at the end of the day an individual has MORE discretionary funds, not fewer, because of the tax-exempt status of the HCSP funds. They (HCSP funds) are also dollars that one would likely not see anyway, Professor Fulkerson commented, because they will be going where they are likely needed.

Professor Kleiner moved that the Committee recommend the HCSP to the Faculty Senate using 0.5% of the employee contribution, including (suggested by Professor Sheets and accepted as a friendly amendment) the consideration of a graduated contribution plan linked to years of service. The motion passed unanimously.

Professor Sirc thanked Ms. Singer for the presentation.

4. Faculty-Expertise Database

Professor Sirc next recalled that the Committee, at its last meeting, had deferred a vote on the resolution recommended by the Senate Joint Subcommittee on Databases, which read as follows:

> The University of Minnesota should adopt an integrated software system that serves as a comprehensive repository of University faculty and staff activity and expertise. This system should include the features of an expertise database while supporting annual activity reporting, the promotion and tenure process, and other relevant reporting functions. As an expertise database, this system should allow students and colleagues in and out of the University to quickly find information. Elements essential to such a system include:
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> - The ability to import appropriate existing information from existing Enterprise systems.
> - Active involvement of faculty, departments, and colleges, with central administration for development of a flexible and robust structure to support the different needs of the various disciplines and units.
> - Careful construction of security measures to protect private, sensitive, or proprietary data.
> - A mechanism to assure timely updates to the data.
> - Investment for training to use the system and for ongoing user support.
> - A user-friendly interface and a variety of avenues for data entry, expertise searches, and report generation.
>
> Other considerations to maximize the effectiveness of the system may include integration with the grants management system to allow for easy assembly of biosketches and other reports, the ability to create curricula vitae, and the capacity to compile departmental/collegiate/university-wide reports.

The Committee was informed that the Senate Committee on Information Technologies had approved the resolution unanimously. The Senate Research Committee did also, but added a caveat that any database system should be structured in a way to assist the grant-application and grant-management process.

Professor Hanna, who served on the Senate Joint Subcommittee, related that a lot of the discussion begins to get into details, a place the subcommittee did not reach. This is a concept, she said, and emphasized that they considered carefully the privacy issues (who has access to what data) and the importance of faculty participation in the design so it would be faculty-friendly and require data entry only once.

Professor Sirc asked if the database would be workload-neutral or increase workload. Professor Hanna said that for units that have adopted part of a database, there is front-loaded time, but the subcommittee emphasized also that there should be clerical help for faculty in this phase. There is the initial time to input data, and the faculty are already doing their annual report. With the HHH Institute program, once faculty had the data in, they could update it each year.

Vice Provost Carney said the workload would be nothing remotely like the work caused by the new Enterprise Financial System. Professor Hanna's point is important, she said: with any vendor the University will ask about data input requirements. The vendors are selling to other institutions as well, she observed, and presumably have learned what works. The University would not sign on to a program if data entry or management were difficult; that is why faculty participation is important. She cautioned that there will never be a system that is universally loved by all faculty, but the University will not adopt anything that is kludgy to use.

What is key, Professor Kleiner said, is that the system be able to go to a CV to obtain current publications, teaching, and so on, and easily copy them to the central system. It is important the people need not dramatically modify what they already have on line. That is why current systems are clumsy: everything must be adjusted to fit that system. There are engines that will take information and put it into a system. One system that was attractive, Dr. Carney said, was one that interfaced with PeopleSoft. Course numbers and enrollment would be correct and need not be looked up, for example. That would be an important feature. There are elements to the system that would save faculty time, especially for the annual review and in the promotion-and-tenure process.

Professor Hanna moved that the Committee support the resolution proposed by the subcommittee. Professor Kleiner supported the motion because, he said, the benefits outweigh the costs, but the University will need to be thoughtful about how it selects a vendor. The Committee voted unanimously in favor of the motion.

Professor Squires asked who would decide on the vendor. Dr. Carney recalled that she serves on a group (along with Vice President Carrier and others) that looks at the cost and scheduling of system funds for technology. There would be an RFP process and it is clear there would be faculty participation. How will that happen, Professor Sirc inquired? Dr. Carney said she would work with a faculty committee with members from across the University so that all interests are represented. That will be crucial, Professor Sirc commented. Dr. Carney pointed out that she will not be the sole decision-maker. They will bring in vendors and look carefully at issues and the timeline. It will be important to have HHH and CSOM representatives, faculty who have already dealt with versions of a database.

Professor Sheets said he assumes there will be a link to Refworks. Dr. Carney said there would be. A smart vendor will come up with things like that. One can search by field for entries by topic for researchers with common interests, Professor Kleiner commented. Dr. Carney related that she was asked about the number of faculty at the University who had published in *Science*; right now there is no way to know. With a good database, one can search across journals, and can also look over time to see if Minnesota faculty have an increasing number of articles in high-impact journals.

5. Rejuvenating "Tired" Professors

Professor Sirc next asked Committee members about their reaction to the recommendations contained in the article from The Chronicle of Higher Education entitled "'Tired' Professors Can Be Rejuvenated" by Peter Seldin. The brief headers on the recommendations in the article are these:

-- Provide opportunities for reflection
-- Teach faculty members new skills
-- Offer financial support
-- Establish mentor programs
-- Combine student ratings with constructive suggestions
-- Facilitate classroom innovation
-- Assign short-term, nonteaching projects
-- Videotape classroom instruction
-- Help professors give something back
-- Stimulate interdisciplinary or team teaching
-- Create individual plans for growth
-- Encourage legacy teaching portfolios
-- Support faculty exchanges.

Is there any merit to the idea the Committee might pursue them any further? Are there current University programs that embrace these recommendations? How effective are these recommendations or programs? Is the need at the University perceived to the same extent as the author sees it? Are there solutions missing from this list?

Professor Sheets said he thought many of the suggestions were sensible and applicable to the post-tenure review process. It would help to have these strategies listed with the post-tenure review process, along with any guidelines about where intervention is recommended. They are not punitive, and thus accord with the aim of the tenure code. Professor Sirc agreed they are formative, and turned to Dr. Carney for comment.

Vice Provost Carney noted that her office is involved with faculty across the lifespan and she has talked before about how little associate professors receive in support. The Center for Teaching and Learning is recording lifetime experiences in teaching and she talks at the new-faculty orientation about it; it will be a useful catalogue. She said Professor Sheets' suggestion is a good one. The way to collect post-tenure-review data has not been elucidated so there is little information on what performance-improvement plans have been put in place and completed. Up to now her office has only asked for the number of post-tenure review cases; this year, she will ask the colleges what they are doing for faculty going through post-tenure review. Her sense, she said, is that many are re-assigning duties; in one case, the college worked out a mentoring relationship to improve teaching, in a sensitive and effective way, and it worked well. Faculty are too expensive to waste, she said. She said that putting this kind of work out for chairs to see might also help them deal with a faculty member who, while not being at the point of post-tenure review, has lost his or her verve and who could be helped out of a slump.

A lot of the recommendations are good professional-development options—and fairly low-cost, Professor Sirc observed. Vice President Carrier said she was particularly struck by the recommendation to provide a non-teaching assignment; most people are revived if they do something different for awhile.

Is there anything local to support faculty exchanges, Professor Sirc asked? Is there a CIC program? It could be fascinating. There is a traveling scholar program for graduate students, Dr. Carney said, but the only other mechanism is through use of a sabbatical. Such a program could be reciprocal, Professor Kleiner said, with no loss to either institution. There are visiting faculty, Dr. Carrier pointed out, but no exchange element to the visits. Dr. Carney said that she and her CIC counterparts get together each year and she will suggest the idea, perhaps to try on a pilot basis.

There has also been talk about teaching small, specialized classes across the CIC, Professor Kleiner said. That is happening, Dr. Carney said, mostly in the languages, but there are possibilities for doing more of it with course-share technology. This has been a project of the liberal-arts deans but it could be expanded with improved technology.

Professor Sirc said the Committee would return to the topic at its next meeting.

6. Resolution on Same-Sex Domestic Partner Tax Benefit

Professor Sirc next welcomed Professor Ben Munson (Committee on Equity, Access, and Diversity, or EAD) to discuss a resolution adopted by EAD that dealt with the tax disadvantage faced by employees who have a registered same-sex domestic partner and are provided compensation to pay for fringe benefit costs that are allowed tax-free to married couples but not to same-sex domestic partners.

Professor Munson explained that the resolution had been in the works since last fall. The University provides contributions for same-sex domestic partners but it is income for the employee and thus taxable. The situation is not unique to Minnesota; it is true across the country. The result, however, is not what the University intended—and it puts the University out of compliance with its own policy because same-sex domestic partners receive different pay from married heterosexual employees. The University also did not invent the solution proposed in the resolution; in the private sector it is referred to "grossing up." That is, while the employee's base salary remains the same, an additional amount is paid to the employee sufficient to compensate for the additional taxes the employee must pay based on the value of the employer's contribution to the cost of coverage for the same-sex domestic partner. The result of "grossing up" is that the net salaries of gay/lesbian/bisexual employees are the same as those of heterosexual employees in otherwise similar circumstances.

What would it cost? Professor Munson said he did not have a figure on the number of employees who have a registered same-sex domestic partner. The Human Rights Campaign estimates that same-sex domestic partners paid about $1069, so that amount times the number registered with the University would be the cost.

What about registered opposite-sex domestic partners, Professor Bornsztein asked? Professor Munson said the University does not provide benefits to different-sex partners. The University form for registered domestic same-sex partners notes that the benefits are provided because it is not legal for same-sex partners to get married. Are there not heterosexual partners who choose not to get married, Professor Bornsztein asked? There are, Professor Munson agreed, but they can't receive partner benefits from the University. Mr. Chapman said that currently faculty and staff cannot cover opposite-sex domestic partners, but they can cover same-sex domestic partners as a dependent, the same as a spouse. Professor Munson said he cannot marry his partner because it is not legal to do so, but in his mind and heart he is married, and that the University recognizes his partnership as marriage, per the wording in the domestic partnership agreement. The government is taking about $1100 from him because his marriage is not recognized by the state or the federal government. The University has already recognized that inequity. One of the students on EAD asked if this discussion is an opportunity to discuss opposite-sex partner benefits, but EAD decided to go step by step and deal with this one problem. Professor Fulkerson asked if there are other scenarios that could be discussed and said the Committee would need to think about the long-term financial implications of each.

Mr. Chapman said that most opposite-sex partnerships do not meet the requirements of IRS regulations to be a dependent. Just this year because of legislative changes dependent eligibility has been expanded (all dependents under age 25 can be carried on University plans as a dependent, although not all qualify on a tax-favored basis). They are now computing the imputed income to employees who have dependents who do not qualify for the tax exemption. There is a parallel with partners: some have tax-favored status, some do not.

One can make a principled argument that they should be treated differently, Professor Munson said, as the case of same-sex domestic partnerships is a clear case of unequal pay for equal work. EAD is of the view that inequity underlies the difference, but if this serves as an impetus for more discussion about comprehensive benefit issues, that is fine.

Professor Sheets inquired if there had been proposals to provide benefits to opposite-sex domestic (unmarried) partners. Mr. Chapman said there have been no proposals made from a Senate committee, although the question has been raised over a number of years with his office. Their reply is always the same: the University has chosen not to offer benefits to opposite-sex domestic partners because studies indicate there would be a significant additional cost AND because the individuals have a remedy themselves (they could get married and obtain the tax-favored status). Vice President Carrier said that earlier there was a movement to provide opposite-sex domestic partner benefits, but there was a significant cost issue and the University decided to move ahead with the same-sex benefit and not allow it to be derailed because of the cost of the opposite-partner benefit.

There is another idea being taken up in the private sector, Professor Munson reported: "plus one," which would allow an employee to claim any one other individual as a dependent.

Professor Munson said they have done as much research as they can and it appears that no organization has in place a mechanism similar to the one being sought by the resolution. Adopting it could be a way to highlight diversity and to help recruiting (Wisconsin, in contrast, cannot provide same-sex domestic partner benefits any longer). Professor Sheets agreed that the benefit has been a great recruiting tool, and in some cases a deal-maker.

Professor Hanna asked about the $1069 cost to same-sex employees: is that federal or state or both? It is both, Professor Munson said. Professor Hanna asked Mr. Chapman about the number of registered same-sex partners. He said he had not seen this proposal before it was distributed to the Committee so had not had any time to work out the cost; his rough estimate was there are 140-145 registered same-sex domestic partners, and about 25 of them also have children. So a back-of-the-envelope calculation is that the program sought by the resolution would cost about $250,000 – 300,000 per year. If $1500 is the imputed income from benefits for employees, however, one cannot simply provide the employee with a same-sex partner $1500, because that income is also taxable, so the increase must be greater to ensure that comparable employees end up with the same income. The net for any individual, of course, also depends on his or her tax bracket. There is a formula to figure this out, developed by the Human Rights Campaign, Professor Munson commented. Professor Sirc commented that this seems to be a fairly inexpensive way to deal with a discrimination problem.

Could this be an item for the cafeteria of benefits? Professor Munson said the Committee should keep its eyes on the fact that this proposal addresses a specific benefit, one that should be provided because the University is not complying with its own non-discrimination policy.

Professor Squires moved that the Committee accept the spirit of the resolution and identify the cost of implementing it because there is an inequity that should be addressed. Mr. Chapman should be asked to provide the cost. Professor Munson said that if one is talking about a remedy to problems of University discrimination, is it considered so marginal that it is linked to cost? Or does the Committee wish to say it believes the elimination of inequity is so important that the Senate should endorse removing it?

Dr. Littlefield said she supported the motion. But with the recent events in Wisconsin, does he want this in the news again, she asked Professor Munson. He does, Professor Munson said. The problem in Wisconsin was that it was not seen as a social-justice issue, it was seen as a religious issue. Dr. Littlefield said she worried about what people who don't know about the same-sex domestic-partner benefit will say when they learn about this. Professor Munson replied that he decided long ago that he would not not do something because of worry about others might think or do.

Professor Sheets asked if the motion needed to take into account the source of funds to pay for the benefit. Professor Sirc said he did not believe that was within the spirit of the resolution.

Committee members debated the phrasing of a statement, and concluded they wished to revise the language of the resolution that had been adopted by EAD. The final resolution for the University Senate (approved by email in the days following the meeting) read as follows:

MOTION:

The University Senate requests that the administration provide a mechanism to remedy the income differences between similarly-situated heterosexual and gay, lesbian, and bisexual employees caused by state and federal tax codes as they affect the provision of medical and dental benefits for spouses/partners.

COMMENT

Heterosexual married University employees receive medical and dental benefits from the University on a tax-favored basis when they cover spouses. Gay, lesbian, and bisexual employees with registered same-sex domestic partners do not generally qualify for this tax-favored status when they cover their partners. As a result, gay, lesbian, or bisexual employees pay additional taxes based on the value of the University’s contribution to the cost of medical and dental coverage for their partners.

> In order to ensure that and gay/lesbian/bisexual employees are treated equitably, the effect of this taxation should be taken into account, and their gross pay increased so that their net (after tax) income will be the same as similarly-situated heterosexual employees.
>
> The Senate understands that the University is not responsible for the disparity created by the tax code, but believes that the institution should take appropriate steps to remedy the unequal treatment. The Senate thus asks the administration and the Regents to provide the financial equity currently denied by the tax codes and, in so doing, become a national model for non-discrimination.

Professor Sirc said he would bring the resolution to the Senate Consultative Committee. He then adjourned the meeting at 4:40.

-- Gary Engstrand

University of Minnesota