Minutes[*]

Senate Committee on Faculty Affairs
Tuesday, December 10, 2002
2:30 – 4:30
238A Morrill Hall

Present: John Fossum (chair), Carole Bland, Carol Carrier, Terence Collins, A. Saari Csallany, Richard Goldstein, Darwin Hendel, Robert Jones, Theodor Litman, Wade Savage, Kathleen Sellew, Carol Wells, Timothy Wiedmann

Absent: Kent Bales, Jesse Daniels, William Garrard, Cleon Melsa, Dwight Purdy, Larry Wallace, Aks Zaheer

Guests: Professor Charles Speaks (Senate Committee on Finance and Planning); Dann Chapman (Director of Employee Benefits), Jackie Singer (Director of Retirement Benefits); Leonard Goldfine; Professor Daniel Detzner, Anita Rios, Nan Kalke, (Work/Life Initiative)

[In these minutes: (1) faculty salary study; (2) work/life initiative; (3) post-retirement health care savings plan]

1. Faculty Salary Study

Professor Fossum convened the meeting at 1:30 and began by welcoming Mr. Len Goldfine, research assistant to the faculty salary subcommittee jointly appointed by this Committee and the Senate Committee on Finance and Planning. Mr. Goldfine, he said, has been "plowing through data and done a lot of good work" on sorting it out. This, he said, is a preliminary report from on the data that have been prepared thus far.

The study provides information about changes in faculty pay and levels of salary increases from 1993-2002, including relative changes in tenured and tenure-track (TTT) faculty over time, how the 2002 salary increase plan was distributed, and the degree to which salary dispersion has changed within ranks over time. The data that follow are for full-time (66% or greater appointment) TTT faculty, Twin Cities campus, excluding those who changed rank or were in their first year of service, with all information on salaries pro-rated to 9-month appointments. The data would include retention increases; they do not include promotional increases (since they exclude anyone who changed rank). Anyone in the first year of service would not be counted that year but would be counted the following year. The data do not include clinical faculty; the salaries are base salaries.

Between 1992 and 2002 consumer prices increased by 27.75%; over that same period, pay for assistant professors increased 41.2%, for associate professors 46.7%, and for full professors 45.3%. Adjusted for inflation over the period, this means that the real incomes of assistant professors rose 13.4%, associate, 17.4%, and full professors, 16.7%. The actual average salaries for the three ranks, 2002, are

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$56,494, $66,702, and $94,088. Over the ten years covered by the study, the salaries of associate professors as a percentage of the salary of assistant professors increased from 114% to 118.1%; the salaries of full professors as a percentage of the assistant professor salaries increased from 161.9% to 166.5%. This means there was only a very slight increase in salary dispersion between ranks during the period: the associate and full professors are making slight more than assistant professors now than they were 10 years ago.

This finding is contrary to faculty perceptions, Professor Goldstein noted. Professor Fossum said that he had also looked at dispersion within ranks; there had been no change over the period.

In looking at the relationship between the salary means and medians for all three ranks, the curve has a positive skew, meaning that there are a number of individuals at the high end of the range making more money. Over time, the difference between the mean and median has remained about the same, Professor Fossum said, meaning that how salaries are determined at the end of the time period are about the same across ranks as at the beginning of the period.

One graph compared the average salary increases and the top 20% average salary increases for the ten-year period. In a couple of years the ratio of top 20% salary increases, as compared to all other increases, were substantially greater than in other years. In general, the differences are greatest in years with a low salary budget.

The analysis also included the 2001-02 salary plan. For faculty, 3% increases were called for; there was an additional 2% to be distributed to the top 20-25% for special merit.

The Committee also looked at a list of increases by collegiate unit, 2001-02. The Twin Cities average increase was 5.0%, the median increase was 3.5%, and the modal increase was 3.0%. There were three colleges more than 2% below the mean: Law, General College, and Medicine; only one was more than 2% above the mean, at 8.2% (Public Health). Most units were within 1% of the 5% average. CLA and IT were slightly above 5% (5.4 and 5.3, respectively). The top 20% increases for 01-02 averaged 13.4%, about 3.5 times the average increase. Over the past 10 years, except for years with salary freezes, that ratio has been between 2 and 3.75, so this was within the normal range. It is very unusual, however, for a faculty member to have received more than one increase exceeding 15% during the past 5 years (.4% of the faculty). From 1998-2002, of full professors, six received two salary increases greater than 15%; no one received three or more such increases. Percentage increases, 1998-2002, full professors

	Number of times an individual received a raise in the amount shown			
	once	twice	three	four
>15%	70	6	0	0
>10 </=15	109	7	1	0
>7.5 </=10	183	31	2	0
>5 </=7.5	279	67	10	0
>2.5 </=5	178	233	118	7
0 to 2.5	238	93	56	5
pay cut	64	8	0	0

Committee members inquired about those who had received pay cuts. They were real cuts to the base. Dr. Carrier said those are not permissible except as a result of post-tenure review. Professor Fossum said they may be bad data.

Will there be comparisons with other institutions, Professor Goldstein asked? Professor Fossum said he would like to make them; the data are available.

How many schools are like the Medical School, in which the base salary is so different from the actual, Professor Bland asked? Professor Fossum said he believed it was least like the other colleges. A lot of faculty in Dentistry also have clinical appointments. She also wondered how much of the salary increases in the Medical School did not show up in the data because they were not additions to the base. Probably most of them, Professor Fossum; the data do not include any increases that were non-recurring.

Professor Speaks pointed out that some salary increases last year were recurring, some were not, but all were added to the base. Then they could show up as cuts, Professor Fossum said, if they were later taken out of the salary. The tables "are rife with data problems," he commented. But they are the cleanest data available. It is also possible to look at other issues, such as salaries for clinical faculty and "bonuses" or non-recurring increases. The Committee discussed for awhile the particular problems associated with salaries in the Medical School.

Is it expected these data will be used by non-University audiences, Professor Collins asked? These are quite preliminary, Professor Fossum said, and somewhat raw. His interpretation of them is that all things being equal, there is a lot of similarity across units and the way salary increases were given is not different from what was done in the past. There is also very little difference between ranks in terms of skewness; by and large, the way faculty were paid in 1992-93 is the way they were paid in 2001-02.

Professor Savage said he did not believe the data concerning the lack of salary compression. Professor Fossum said Mr. Goldfine was working on the question. Compression means that other salaries move up faster than yours; anyone at the University 25-30 years will see compression, except in rare cases. Human capital theory has found this kind of compression occurs across all industries and occupations: people get large increases early in their careers and smaller increases later. There are reasons for this: all things being equal, the currency of one's education is more important early in a career; experience kicks in after awhile, picking up where education tails off in importance, but later, one does not accumulate that much more experience and education is less relevant. In most occupations, people do not make the same investment to keep current in their field because they will not receive the same payout as they would have earlier.

Professor Savage said that younger faculty are getting higher relative salaries than those who are now older received when they were first hired. Professor Fossum said the data do not support that claim; associate and full professor salaries have increased more rapidly than assistant professors--the REVERSE is true. Professor Savage expressed disbelief that data for CLA or certain groupings of departments within that college would not support the claim of salary compression in those units. Professor Fossum said the data do not address what might be occurring in different colleges. Mr. Goldfine noted that higher education also rewards mobility; someone who has been at the University 25-30 years will likely see lower salary increases.

Professor Bland said that she was encouraged with these preliminary results for the campus, especially given human capital theory. Professor Fossum said he was also encouraged; there is no smoking cannon. Professor Savage cautioned that one's view may depend on one's college; one of the things that he and Professor Humphreys, the original chair of the salary subcommittee, were interested in was differences across colleges.

Are the salaries in the Academic Health Center on the agenda of the Committee, Professor Bland asked, referring to a recent report from the AHC Finance and Planning Committee? Professor Fossum said they would be referred to the salary subcommittee. Professor Savage said he would also like to see salary averages by college.

2. Work/Life Initiative

Professor Fossum next welcomed Professor Detzner, Ms. Kalke, and Ms. Rios to the meeting. Professor Hendel reported that he (Professor Hendel) is one member of a work/life steering committee appointed by Drs. Carrier and Jones to address work/life concerns at the University. He asked that this item be placed on the agenda, and turned to Professor Detzner.

Professor Detzner said that the Work/Life Initiative (WLI) is building on work that is going on around the country. The Committee reviewed a summary sheet that outlined the efforts:

> What is Work/Life? Work/Life refers to initiatives, programs, policies, and/or services that support faculty, staff and students to meet the University of Minnesota's mission while also meeting their family and personal responsibilities. Work/life can include:
>
> *Personal Support* (health & wellness, financial planning, employee assistance counseling, relocation assistance)
>
> *Training and Education* (life-cycle courses, career development, tuition reimbursement)
>
> *Flexibility and Time Off* (flexible work options, such as telecommuting, part-time, compressed work weeks; sabbaticals, professional development leaves)
>
> *Family and Dependent Care Support* (child care, elder care)
>
> Why address Work/Life issues?
>
> Organizational payoffs of increased productivity, retention, and improved morale have been the impetus for establishing work/life initiatives in both higher education and industry. Research shows that employees are more motivated, productive, committed, and loyal when organizations support their work and life needs.
>
> Many universities across the United States have created work/life offices, programs or centers to coordinate and enhance services that address faculty and staff work/life needs. These initiatives have demonstrated a measurable return on investment.
>
> Why now?

The University of Minnesota is currently facing program and policy issues regarding:

-- Balancing workplace flexibility with work needs and competing budget obligations
-- Crafting fair and meaningful leave policies across employee groups
-- Effectively leveraging the University's work/life resources
-- Addressing the need for a range of convenient, economical child-care options
-- Providing elder care resource and referral services
-- Responding to evolving needs of University faculty and staff

How will this help me?

Employees across all classifications and all phases of the life cycle will find programs and services to help them better manage their work, family, and personal responsibilities.

They are a steering committee, not a study committee, and thus more action-oriented, Professor Detzner explained; the issues have been studied already. The University already has much in place; it is considered a good place to work but there are lots of variations across the institution (e.g., the flexibility that faculty have is not shared by all employees). They are trying to develop action plans for work/life initiatives as well as a philosophy that can help improve productivity and retain and attract employees.

The University should be a leader on work/life issues, especially at a place like this where there work on family research is prominent. The WLI will pull information together and talk about philosophy. There must also be a needs assessment and a consistent statement from the top to create a work/family-friendly organization.

Professor Detzner next introduced Ms. Kalke, a member of the Social Work faculty who, as a President's emerging leader this year, had been asked to work with the WLI. Ms. Kalke distributed copies of PowerPoint slides used in a presentation to the Board of Regents by Interim Vice President Kathy Brown and noted that the Regents thought enough of this issue that they asked for a presentation about it.

"Work/Life is the formal name applied to initiatives, programs, policies, and/or services that help employees meet their organization's mission and business objectives while also meeting their family and personal responsibilities," Ms. Kalke told the Committee. Many things fall under work/life; they include health and wellness, financial planning, employee assistance, career development, flexible work options, time off and leaves, child care, elder care, and so on. Why attend to work/life issues? In part because of the changing composition of the workforce. For instance, women are half the workforce, up from 29% in 1950, and Minnesota has the highest percentage of working women in the nation (70%). There have also been changes in family life: only 16% of U.S. families are "traditional," with the husband working and the wife managing the home; dual-working couples represent 64% of families, the majority of mothers with children under 18 work, and so on. (Professor Bland asked what the percentage of working men is; Ms. Kalke did not have the number but Professor Fossum said that it is 85-90%; over time, there have been more and more women in the workforce and the numbers of men are down somewhat compared to 15-20 years ago.)

At other Big Ten schools, some have coordinated work/life programs, others do not. A coordinated program is generally one that has a designated center or office that promotes work/life issues.

Minnesota does not have such an office. It has, nonetheless, a lot of programs with work/life components, such as an excellent child care center, dual-career couple support, in-house employee assistance program, domestic partner health benefits, and the like.

Ms. Kalke then reviewed for the Committee a table outlining the chronological evolution of work/life issues in organizations and how it might change over time to lend more support to them. An organization moves from a point where work/life issues has a champion but no support from the top management to "recognition that work-family is integral to key business decisions and design of work processes." In the last stage, the emphasis is links between work/life issues and strategic objectives; work/life issues are no longer a side objective but instead woven into an organization's mission and business objectives.

Professor Collins asked if they had heard any discussion about whether support for work/life issues is better with or without a coordinating office? It could be better, he surmised, but a centralized effort might also take away the initiative for grassroots efforts. Ms. Rios said that from examining efforts at other institutions, she has concluded that coordinated work/life efforts have a greater impact on supporting faculty and staff, although she agreed that connections to grassroots initiatives should not be lost.

Professor Wells noted that in one of the stages of organizational evolution, one of the initiatives is "performance reviews include work-family objectives." She said she could not IMAGINE that happening in faculty performance reviews. Professor Detzner said the stages outlined are a conceptual framework, not goals, and suggests what could be happening at some organizations. Individual employees are not intended to be part of the framework; supervisors would be asked to look at policies in their unit and measure them against an organizational standard. The idea, he agreed, is that these standards would be included in administrative reviews, not those of individual employees. There must be a culture change, he said, and supervisors must buy into it. The change takes place over time, which means that there must be a consistent philosophy the organization espouses from the top down.

Ms. Kalke said that the members of the Work/Life Steering Committee are at this point gathering information and want to hear about issues they should address.

Professor Fossum observed that except for Indiana University, whether or not a Big Ten school has a coordinated effort on work/life issues depends on the type of city it is in: the coordinated efforts have not gone as far in universities that are in large towns. It would be useful to look at what has been implemented in the institutions in smaller communities, to see the demand, and to ask if Minnesota needs the same things. If there is an effect depending on the size of the city, it will be important to look closely at what will be needed at Crookston and Morris.

Professor Csallany asked if one can really say the University has excellent child care when the waiting list for the center is very long. Child care is problematic for many families and the University does not meet the need. That is an issue among younger faculty and staff, Professor Detzner agreed, and is an example of how issues vary in prominence in different stages of a career. Ms. Rios noted that there is a Student Parent Help Center in General College that provides child-care subsidies and support to student parents.

Does this effort include graduate students, Professor Csallany asked? That raises the question about where one draws the line, Professor Detzner responded. There are a lot of things occurring on campus that address work/life issues; they are conducting an inventory of what is being done to assess what units are making contributions. The intent is to identify ways to increase assistance.

Professor Fossum said it would be helpful to look beyond what work/life programs the University provides to learn if there are other programs. He said he has learned that faculty often profess ignorance about what exists; they need to know what is actually available. Information access for all faculty, staff, and students has been a problem, Ms. Rios agreed. She said she is working with a committee to develop a life events section on the Human Resources Self-Service site (one-stop). Professor Fossum suggested they consider going paperless as one way to improve productivity--and if this information is added to the one-stop, something else could be subtracted (or there could be banners or pop-ups). Dr. Carrier said they are working on this.

No one is against all this "good stuff," Professor Bland observed, but it comes down to "you can have this or you can have a .5% salary increase," there will be sentiment in favor of the salary increase. There needs to be data that better work/life conditions result in less absenteeism, less turnover, and so on, things that produce actual savings. "Good stuff" won't cut it, she warned. Is there financial data from other institutions? Some, Ms. Rios said; for example, the University of Michigan has calculated that it saves $3 for every $1 it spends on back-up child care. Professor Hendel commented that human resources people from outside higher education report that in order to get top management support for work/life programs, they must identify benefits to the organization--not just good things, but things that have a dollar value, and they must present evidence on how the programs affect the overall organization.

Professor Detzner said they need baseline data rather than trying to match information across institutions so they can begin to ask questions. But it is possible to take action on some without waiting for data; there is evidence from other organizations so the University need not wait. Professor Wells agreed that in some cases the data are in; child care is what is needed in all institutions and the University does NOT need more data. Is there some way the Work/Life Steering Committee can concentrate on child care, for example, to make it cost-effective? Parents are willing to pay and in some cases the child care can be integrated into academic programs (e.g., Child Development).

They can also look at factors that constrain faculty in addressing work/life issues, Professor Hendel suggested. When faculty are asked what they wish they had more of, it is time to spend doing things they want to do. He said he is concerned that faculty must spend more and more time doing things that most faculty did not expect to spend time on (e.g., reporting requirements). Professor Detzner said that while they cannot expand the 24-hour day, they can perhaps try to address issues that will make life easier. It is also important to have specialists available to help solve problems (e.g.., long-term care) that will save faculty and staff a lot of time and psychic energy as well as increase productivity.

Professor Fossum agreed with Professor Hendel. Being a faculty member is an increasingly tense, competitive life; it is important that the University help people deal with work/life issues--and the programs will not work if the faculty have to work around them. They are difficult issues but they have real potential.

Professor Fossum thanked Professor Detzner and Mss. Kalke and Rios for joining the Committee.

3. Post-Retirement Health Care Savings Plan

Professor Goldstein next reported on the Post-Retirement Health Care Savings Plan (PRHCSP). He noted that the proposal had been presented to the Faculty Senate and reported that the University continues to receive different interpretations of the law from the State. The program is generally the same as the one reported on earlier to the Committee, with a few changes.

The 1.5% contribution for ALL faculty in the Faculty Retirement Plan or those eligible for it would come from individual salary increases: one's base would go up, with whatever salary increase is delivered, and then the 1.5% would be directed to the PRHCSP.

The Retirement Subcommittee recommends that after 03-04 salary increases are delivered, each individual put in 1.5% of salary. It is expected that salary increases will be 2-3%. If salary increases are less than 1.5%, they recommend that the money be put in the PRHCSP anyway, although that will mean a decrease in take-home pay.

Faculty on phased retirement would put in 10% of salary.

One question is how much should be in the PRHCSP at the time of retirement. Ms. Singer reported that the cost of health care insurance for a retired couple over age 65 ranges from $4700 to $8500 plus the cost of Medicare Part B, an additional $1400 ($700 per person). So the total is $6000 to $10,000 per year per couple; how much money do people want set aside to pay these costs for the rest of their lives? The money projected in the current proposal would NOT cover all costs but it would provide the tax advantage (no taxes due on the withdrawals) for at least part of retirement health care costs. If one has $100,000 in the account at retirement and annuitizes it, one would receive about $8000 per year at age 65. The key element is the saving on whatever the taxes would have been on the expenditures.

The disadvantage is that they are not flexible funds, Professor Goldstein said; they must be used for health care for the account owner or dependents (which include children up to age 22, although presumably most retirees will not have children age 22 or younger). When the account owner dies, the surviving dependent(s) must also use the money for health care. If there is no surviving dependent, it is not clear what happens. The money can go beneficiaries, but they must also spend the money on health care--and they will have to pay taxes on the withdrawals. If one leaves the money to an estate, which in turn might be bequeathed to the University of Minnesota Foundation, then the Foundation must say for whom the money is spent on health care. Professor Goldstein expressed disbelief that the last proviso will be the interpretation of the law.

What if both members of a couple accumulate PRHCSP funds, Ms. Sellew asked? It is mandatory that each member participate, Professor Goldstein said, although there are certain exceptions: if one already has post-retirement health care covered, such as through the military or civil service plans, or if one plans to return to one's country of origin and thus unable to use the funds for health care.

It is unfortunate one does not have a crystal ball, Professor Wells said; one could not 30 years ago have predicted current health care costs and programs and one cannot do so now for health care 30 years in the future. Why would one do this if there will be socialized medicine in the future? Professor Goldstein said that he assumes the government would reduce or relax the restrictions on PRHCSP funds if there is a national health care plan of some kind. Professor Wells said she was not so sure one could make that assumption. This plan will not help her much, she said, so it is being set up to help those who are most vulnerable--but those people may not want to put money into a black box for 30 years if they are uncertain they will be able to use it. On the other hand, Dr. Carrier commented, she has recently heard information suggesting that there will be staggering growth in health care costs in the future.

This is not the total answer to health care costs, Professor Goldstein said, but it should help. Even if one thought there would be socialized medicine, one must assume the restrictions on the accounts would be relaxed. He noted that the state judges have opted to participate in the plan; presumably they would not have done so if they were worried about the accounts.

What about same-sex partners, Professor Collins asked? They would not be covered, Professor Goldstein said, because state law does not permit such coverage.

The cost figures that have been cited are for people who are newly-retired, not those who are 80 or more years old, Professor Fossum pointed out; for the latter group, costs are much higher. And they are only insurance premium costs, not out-of-pocket costs, Professor Litman added. There is only a single risk pool, however, Professor Goldstein said.

Professor Goldstein said one does not want too much or too little in the account; it is possible to cap the contributions. They are not proposing that now (although it can be changed in the future) because no one will be anywhere near a reasonable limit for a long time.

Professor Savage said he was surprised that there were not more questions asked about the plan at the Faculty Senate meeting. That is because young faculty are not members of the Senate, Professor Wells said. "We are doing this for them," she said, but she is not sure they would want the plan when they have mortgage payments, child costs, etc. They may see it as imposing on them.

What next, Professor Fossum asked? They are refining the plan, Professor Goldstein said, and getting more information from the State. They expect to have a final proposal ready early in spring semester that can be brought to the Senate. Dr. Carrier said it was not clear what process would be used to adopt the plan. Professor Goldstein observed that all fringe benefit issues have been brought to the Faculty Senate for action. The Regents must also approve any plan, Professor Goldstein pointed out.

Professor Fossum adjourned the meeting at 4:30.

-- Gary Engstrand

University of Minnesota