

Minutes \*

**Senate Committee on Faculty Affairs  
Tuesday, March 11, 2003  
2:30 – 4:30  
238A Morrill Hall**

Present: John Fossum (chair), Carole Bland, Carol Carrier, Terence Collins, A. Saari Csallany, Richard Goldstein, Darwin Hendel, Theodor Litman, Cleon Melsa, Charles Stech

Absent: Jesse Daniels, William Garrard, Robert Jones, Todd Powell, Dwight Purdy, Wade Savage, Kathleen Sellew, Larry Wallace, Thomas Walsh, Carol Wells, Timothy Wiedmann, Aks Zaheer

Guests: Nan Kalke (Council of Academic and Professional Administrators)

[In these minutes: (1) emeritus status for P&A staff; (2) post-retirement health care savings plan; (3) budget matters]

**1. Emeritus Status for P&A Staff**

Professor Fossum convened the meeting at 2:35 and welcomed Ms. Kalke back with further revisions to the proposal to grant emeritus status to P&A staff who meet certain criteria.

Ms. Kalke reported that the revision prepared for this meeting reflected all the changes suggested at the earlier discussion. If the policy is approved, she will bring back a proposed revision of the parallel administrative procedures (that now accompany the faculty emeritus policy).

It was noted that the administrative procedures implementing the faculty emeritus policy seemed to grant more privileges than did the policy itself. Can the faculty assume that what is provided in the administrative procedures is allowable, Professor Bland asked? Vice President Carrier said that if something is an entitlement, people will receive it; some benefits are at the discretion of departments. Professor Fossum said he assumed that the parallel administrative procedures for P&A staff would provide to such individuals benefits consistent with their positions and that there could be privileges that would only be extended to faculty (consistent with THEIR positions).

The Committee voted unanimously to approve the policy with a few changes noted during the meeting. Professor Fossum thanked Ms. Kalke for bringing the policy and its amendments to the Committee; she, in turn, said she would be glad to return with proposed administrative procedures once the policy is approved.

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

## **2. Post-Retirement Health Care Savings Plan**

Professor Fossum turned now to Professor Goldstein to present the revised Post-Retirement Health Care Savings Plan proposal (PRHCSP).

Professor Goldstein explained that the proposal had been changed in light of the budget situation. The original plan had called for a 1.5% contribution for all faculty, to come out of the salary increase pool. In light of the fact that there will probably be no salary increases this year, but because the Retirement Subcommittee believes the PRHCSP is such a good deal (because everyone will have post-retirement health care expenses and because the contributions to the PRHCSP are tax-exempt, the earnings are tax-exempt, and the withdrawals are tax-exempt), the Subcommittee is recommending that the plan be implemented for all faculty currently in the Faculty Retirement Plan (which will not include those just beginning their service, who must go through the two-year waiting period) by taking 1.5% of the 13% that the University contributes to the Faculty Retirement Plan and putting the money into the PRHCSP. The retirement plan contribution will thus be 14% of salary (11.5% from the University and 2.5% from the employee) and the PRHCSP contribution will be 1.5% of salary.

In addition, those with more than seven years of service at the University will contribute an additional .2% of salary per year for each year beginning with the eighth year of service, to a maximum of an additional 3.6%. Someone who has been at the University for 25 years or more would thus contribute 5.1% of salary to the PRHCSP. Those on a phased retirement would contribute 10% of salary. All of the funds would come from the University's contribution to the Faculty Retirement Plan.

The proposal asks that when salary increases are once again made, the 1.5% be restored to the Faculty Retirement Plan so that the contribution returns to 15.5%. People are proud of that plan, Professor Goldstein said, and feel good about it, so the 1.5% should be restored when there are salary funds available. Professor Bland inquired if there will be anything that will trigger re-examination of the 1.5%; Professor Goldstein assured the Committee that the faculty will not forget.

The revised plan also calls on the University to provide to the faculty any salary increases that it provides to any other employees. It also request the University to have the plan administered by Minnesota Life rather than the Minnesota State Retirement System. The plan would start either on July 1, 2003, or as soon as possible during the 2003-04 fiscal year. For those in their seventh year of service (or fewer), the contribution would be 1.5% for the length of their career, which is projected to provide them, at retirement, with an amount equal to their projected last-year's salary. The assumptions and contributions would need to be re-examined periodically, Professor Goldstein pointed out, so that the balances in the PRHCSP accounts did not get too large or too small.

If the policy is approved by this Committee, it will be forwarded to the Faculty Consultative Committee for electronic approval and placed on the docket of the March 27 Faculty Senate meeting.

The Committee voted unanimously to approve the plan.

### **3. Budget Matters**

Professor Fossum accepted a motion to close the meeting, which was approved unanimously, in order that Mr. Chapmann and Vice President Carrier could present a variety of ideas and data concerning employee benefits. The Committee discussed these issues for about 90 minutes.

-- When the administration is presenting comparisons of benefits, it should also present comparisons of salaries, because for faculty, while some benefits may compare favorably with peer (top 30) research institutions, the salaries will NOT compare so favorably. To compare only benefits is to invite action to reduce benefits.

-- Before making any recommendations, the Committee should await the actions of the Benefits Advisory Committee.

Professor Fossum adjourned the meeting at 4:30.

-- Gary Engstrand

University of Minnesota