

Minutes\*

**Faculty Consultative Committee  
Thursday, October 2, 1996  
1:00 - 2:15  
Room 238 Morrill Hall**

Present: Victor Bloomfield (chair), Kent Bales, Carole Bland, Mary Dempsey, Virginia Gray, M. Janice Hogan, David Hamilton, Laura Coffin Koch, Leonard Kuhi, Fred Morrison, Harvey Peterson, Matthew Tirrell

Absent: Gary Davis, Gary Gardner, Russell Hobbie, Michael Korth, Marvin Marshak

Guests: Rondi Erickson (Minnesota Alumni Association); Ryan Johnson (Risk Management)

Others: Martha Kvanbeck (University Senate); Maureen Smith (University Relations)

[In these minutes: meeting format; regent selection; electronic newsletter; insurance costs and charges]

**1. Conduct of Meetings**

Professor Bloomfield convened the meeting at 1:10. He began by inquiring if FCC should invite the Student Senate Consultative Committee members to join it when it was meeting with President Yudof or Executive Vice President Bruininks. It was reported that Dr. Bruininks is scheduled to meet with SSCC. Professor Gray maintained that it was imperative that the faculty have a distinct voice, that the time with Drs. Bruininks and Yudof was among the most important the Committee spends, and that the faculty voice should not be diluted. After agreeing that this should be the general--but not inflexible--rule, the Committee by agreement concluded the meetings would remain as structured.

**2. Alumni Association Proposal on Regent Selection**

Professor Bloomfield now welcomed Ms. Rondi Erickson, Chair of the University Issues Committee of the Minnesota Alumni Association, to explain the Association's proposal for regent selection.

Ms. Erickson recalled that the Alumni Association had made a proposal last year that FCC had endorsed; she was returning to inquire if that support remained. She recalled that the Association studied regent selection and made a report to the legislature; the issue was laid over until the 1998 session and a joint committee was appointed to draft legislation. That joint committee is starting its work, and the Association will do all it can to work with it to assure the Association recommendations are included in the legislation.

The three elements of the Association proposal are these:

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- Strengthen the Regent Candidate Advisory Council process by changing the membership to 1/3 appointed by the legislative leadership, 1/3 appointed by the Governor, and 1/3 appointed by the Alumni Association and University Foundation, the latter to ensure there are people concerned about the governance of the University.
- Improve accountability in the selection process (now diffused among 201 legislators) by requiring the Council to give one name to the Governor, who either approves it and forwards it to the legislature or returns it to the Council. The legislature can vote either up or down on that individual. This proposal would increase accountability by the Governor and Council, and reduce the lobbying by candidates that occurs when there are 2-4 candidates for each seat. This has been unseemly and has discouraged good candidates.
- To help improve regental governance, eliminate constituency-based seats and the informal constituency designation. Elimination of the student regent may be controversial, as would elimination of the congressional district seats, but the Association believes all seats should be at-large, to reduce the representation of narrow constituencies and impress upon regents that they are to represent the entire state.

Ms. Erickson also reported that the Association has noticed the imbalance of voices on regents' committees, where students serve but faculty do not, and has endorsed the FCC proposal to add faculty to regents' committees.

After brief discussion, Professor Gray moved (and Professor Tirrell seconded) that the FCC support the Alumni Association in its efforts and endorse the proposal. The motion was adopted unanimously.

Ms. Erickson thanked the Committee, and in response to a question, said that the Association may seek help in testimony before the joint legislative committee.

### **3. Electronic Newsletter**

Professor Bloomfield distributed the draft of the first issue of a possible newsletter (a la BRIEF) to inform faculty about governance activities. The Committee agreed: it should be no more than one page, provide very short summaries of activities on issues, drafted by the staff for committee chairs, and indicate where additional information could be obtained.

Professor Gray inquired what the response would be when someone wished to express opinions to all faculty about one of the issues raised; Professor Bloomfield noted that the FCC adopted a policy providing that the all-faculty email list could be used only for governance business, not expression of individual points of view. Other means of debating issues need to be identified.

### **4. Insurance**

Professor Bloomfield next welcomed Ryan Johnson, Director of Treasury Operations for the University, to the meeting to discuss insurance coverage. He noted that faculty had expressed concern

about the increase in the deductible that departments must pay for losses, and asked Mr. Johnson to explain insurance policy coverages.

Mr. Johnson distributed a 3-page handout describing the four major policies the University carries, their coverage, cost, claims, limits, and deductibles to the University and departments. Two of the policies (general liability and professional liability [malpractice]) carry no deductibles.

One of the policies (Educators legal liability, covering sexual harassment, discrimination, and employment claims) carries a deductible of \$50,000 per claim for the University and the same amount for departments, but no deductible for legal costs--the University/the insurance pays the full legal costs of defending or settling a claim.

The other policy with a deductible, property, has a \$100,000 deductible for the University and \$10,000 for departments (replacement cost, and it covers research claims). Mr. Johnson explained that there is an optional policy departments can purchase for computers, with a \$500 deductible.

Questions asked included the following:

- What about personal books in an office? Personal property is covered if in an office for business purposes, but it is a gray area. The insurance is for University property; Mr. Johnson advised the faculty to check their homeowner's policy for coverage of personal property in their offices that is not for business purposes. He said the University has gotten most personal property covered by insurance, but there is also a wide discrepancy between what an individual and a claims adjuster might see as the replacement cost of a book that is out of print, for example.

Faculty assume everything in their office is covered by University insurance, Professor Gray said, and need to be told if that is not the case.

- On research materials, the cost of replacement is covered--but this is also a gray area. If it took six months to gather data lost in a fire, the insurance company should pay the cost to re-gather the data, but this kind of claim will vary greatly with circumstances.

Mr. Johnson detailed the history of the claims made on Educators Legal Liability and Property policies and how the University came to be paying the premiums and setting the deductibles it does.

Committee members raised a number of points:

- There was no consultation with deans, department heads, or faculty on the decisions about the deductibles.
- The impact of the \$50,000 deductible varies enormously with the size of a department; some could not afford that much, while others perhaps could handle it.
- The cost of claims (under sexual harassment/discrimination/employment) seems to be rising; are more people doing things wrong? This is a national trend. The Americans with Disabilities Act is one reason; it is easier to call something discrimination. There are fewer sexual harassment claims

but more discrimination and employment claims, many of which result from bad management or poor communication. This suggests, Professor Kuhl observed, that the training programs for managers and supervisors is not successful; Mr. Johnson said they have started discussions with Human Resources about training.

- There has been a dramatic decrease in medical malpractice claims over the last five years, in part because the courts are not giving such large awards; the premium for malpractice insurance has dropped considerably. There has never been a malpractice claim outside the health sciences, although such claims would be covered.
- Of the cost of claims for Educators Legal Liability (going from \$64,000 to \$1,283,000 estimated for 1996-97), about 60-65% is for attorneys' fees and 30-35% for settlements. There are no attorneys' fees paid when the General Counsel handles the case.
- Professor Morrison made several inquiries of Mr. Johnson about the cost of changes in the deductibles in the several policies.

Mr. Johnson said that in the five years he has been at the University, he has tried to focus on risk management, not just purchase of insurance policies, and his office has tried to control losses and has hired good people to help. In some cases, losses are what they are (buildings are old); capital renovation may help reduce some of them. Departments can also do a lot to reduce property losses, simply by locking doors and taking steps to reduce fire hazards.

Professor Bloomfield thanked Mr. Johnson for joining the meeting. Professor Morrison said the Finance and Planning Committee would take up the issue of the distribution of the deductible (e.g., across the University in the case of random events--a pipe breaking--or allocate at least some of the costs to units where culpable behavior occurs), possible University cushioning of a large loss, and the issue of consultation (raised by Professor Bales). Professor Hamilton also noted that there was a communications problem, since Committee members clearly misunderstood the problem when they discussed it at their last meeting.

## **5. Use of all-student email list**

Professor Koch reported that while FCC has set a policy on governance use of the all-faculty email list, there is no corresponding policy on the use of the all-student email list. She suggested, and Professor Bloomfield agreed, that this was an issue to bring to SCC.

Professor Bloomfield adjourned the meeting at 2:30.

-- Gary Engstrand