

The regular meeting of the 2003-2004 Faculty Senate was called to order at 3:30 p.m. by President Nancy Reincke. The following senators were present for all or part of the meeting: Alexander, Allen, Bartschat, Clapham, Courard-Hauri, Dougherty, Esposito, Lyons, Morrow, Petersen, Rankin, Reed, Reincke, Rozycki, Schaefer, Sheehy, Shulman, Soltis, Vitha, Wade.

Absent: none

The October 2003 and November 2003 minutes were accepted.

Reports from President Maxwell

--President Maxwell reported that his recent visit to the Nike Corporation with Associate Athletic Director Mike Kostek went well. They received a strong sense that there was both a corporate and personal commitment to assist with the Drake Stadium project and encouraging words for the support of bringing major track and field events to the site after its upgrade.

-- The President also gave an update on Drake area security issues. He emphasized this is a city wide concern and a flare up of activity not a deterioration of the neighborhood's condition. There will be some reallocation of personnel from the Des Moines police to address this activity. President Maxwell and others hosted a student forum last evening and a letter from the president has been sent to parents. The letter is posted on the web site. He was frank in expressing concern that this is a safety of individuals concern, but also a matter for admissions. Security and safety is one of the top ten issues for any family considering any campus. The Drake Admission staff and student guides are knowledgeable of the situation and they will be forthright about the situation; meeting it head on with visitors including a set of talking points.

Senator Shulman expressed a concern about having Nike in a long term corporate relationship with the University considering their labor practices. He continued that the area north of Cottage Grove along 24th Street was very dark. President Maxwell indicated he would bring that to the attention of proper officials

Report from Provost Troyer

-- He began with a follow-up to the computer disposal issue referenced in November. The new disposal regulations take effect in January and there will be a per computer fee of approximately \$15.00.

-- Student Senate Academic Affairs Committee has brought to the Provost three issues for discussion. They are: a) the desire to utilize honor cords at Commencement b) interest in a Community Block set aside and c) an Honor Code.

Senator Alexander asked if organizations which help donate computers are being considered as part of the disposal program. Provost Troyer indicated that Drake must first make sure to take off software, due to contractual agreements, and giving away computers must be handled with care. It should be somewhat treated like giving away a hazardous chemical.

Report from President Reincke

-- President Reincke gave a brief forward to the Senate's main point of business which was a presentation about employee health benefits especially for retirees. The University Benefits Committee (UBC) brought forward last spring a proposal and many persons felt unprepared for the topic. There has been enormous national concern which has lead to a consortium which President

Maxwell made mention of in recent emails. President Reincke makes it clear that there is no plan to bring anything to the Board of Trustees until there is a broad campus discussion. She explained what the problem and challenge is not for Drake alone. Health costs and health benefits are the single most costly public policy today. The Board of Trustees is not the bad guys trying to work against the employees; they are charged with overseeing the fiscal health of the institution and they have asked us to come up with solutions. President Reincke reminded this body that the Board could just make changes in the benefits without asking.

Vice President Payseur distributed a four page handout concerning benefits. She reviewed the historical information. She stated that actuaries are currently stating that a 1% increase in health care costs will produce a \$1 million rise in benefit liability. She pointed out which costs are required to be stated by Drake in our financial statements.

Senator Rozoycki asked what discount rate was used. The reply was that a rate of 6.5% was used for the last valuation. Senator Wood wanted to know if there were calculations as to how soon this liability would become zero. Ms. Payseur did not have that prediction. Provost Troyer related that there are 228 persons currently employed who were hired before 1994 and thus affected by this proposal.

Senator Rozoycki noted that with his familiarity with corporation's financials that this is a serious problem and this liability is a real economic liability.

Provost Troyer expressed how this issue is extremely difficult for him personally and he must consider the important institutional responsibility. He offered the three part framework from which they (Maxwell, Payseur and Troyer) are working on this issue. The three are: 1) feel strongly to meet promises in-the-past even though these are not our promises; 2) employees hired on or after September 15, 1994 must pay their own and ways to help them cope need to be found; 3) the financial health of the institution is important and significant. The Provost also indicated that public higher educational institutions are now under the same reporting regulations.

The Provost continued with what proposals have been reviewed to meet the obligations. These include: 1) reviewing what others have done and acknowledging there are not shining lights in this review. Some ANAC schools have eliminated all retiree benefits; 2) Examining other University budget lines for reallocation; and 3) examining long term strategies and their possible consequences. He hoped that the Senate's discussion would bring a suggestion, a legal one, which had not been previously considered.

Senator Wood noted that part of the health care cost situation is driven by individuals living longer. He wondered if moving the retirement age higher, in increments, would relieve some of the financial statement stress. This idea has a drawback in that the dream of retiring at age 55 goes away.

Senator Hunter indicated that a beginning point for him was how this issue and any of these proposals have gotten onto the table in the first place. He wondered why this is not defined as Drake's obligation to employees. He referenced the 1990's and how the fiduciary responsibility of the Board's is important, but wondered where they were when Drake was going down this path.

Mr. Clapham indicated he was confused about the proposal. On one hand he was told it was a shifting of monies within the budget and now he is told it is an issue of saving money. He indicated

it felt like robbing Peter to pay Paul. The easiest way to do this is to shuffle the deck. Otherwise a solution is to generate revenue. He stressed the positive of going after fully funded chairs, even one per year for ten years. He hopes for a change of the status quo which seems to be dealing with financial issues on the backs of faculty and staff. He hoped that creative solutions would be reviewed. He asked for the higher administration to consider joining the faculty at the lower portion of the salary percentages. President Maxwell spoke that as he did not disagree with all the comments, he pointed out that this liability is not a cost which the institution has any control over. He stated again that there is no intention of raising monies for the stadium project from persons who would have interest in funding academic interests.

Senator Schaefer indicated that one slide which would have helped him was some knowledge of the impact of reducing benefits would have on the budget. Ms. Payseur indicated that over three million dollars would be put towards salaries. Mr. Torgerson addressed the Senate noting that he had distributed some written comments to senators. He expressed concern about those employees who came to Drake after 1994 and in the financial impact for those persons who will be retiring soon.

Mr. Begleiter spoke and identified himself as a member of the UBC in 1999 which had been referenced earlier. He indicated that the retiree benefits were looked at as a portion of the whole package with TIAA and salary.

President Maxwell described the emerging consortium as similar to TIAA-CREFF. The fundamental principles of providing coverage collectively can leverage to create an advantage. The consortium would include staff with faculty.

Several senators, Hunter, Allen and Clapham, expressed their concern for the employees who will be retiring soon. They were not in favor of any change. Senator Esposito expressed that the set of persons addressed by this proposal are those who the younger faculty currently count on. He was not in favor of the proposal and the effect on those individuals. Senator Lovell expressed concern that this is a retrospective change and any change now could be repeated and move the percentages even lower. He indicated that these are the people with their blood in these bricks.

Senator Couard-Hauri acknowledged the issue of the institutional financial integrity being at stake and he saw the overall integrity of the institution's promises made to employees being at stake, too. Senator Rankin indicated she was pleased to have gotten more explanations than in previous presentations, but did not like how it is framed. She desired more overall budget information.

Upon proper motion and second the meeting time was extended.

Several senators indicated they had not been presented with persuasive information to move them to be in favor of the proposal. Senator Klipec called the situation one of deferred maintenance of faculty.

Senator Rozycki did speak in favor of the proposal. He called the situation an economic issue rather than an accounting issue. He believed it will not go away and it is a sunk cost. He saw the proposal and presentation as being a part of a package.

President Maxwell thanked the body for the candor and honesty. He indicated that this is helping him to understand the feelings and concerns. He will bring the overall budget concerns to IPRC.

Senator Bartschat wondered that if this is a liability which can not be controlled, then do we know if this proposal will fix the situation. The response was that the only known is that the proposal will reduce the financial impact. There was a short discussion of where the topic would progress in the next weeks realizing this emerging consortium may help the situation nationally and Drake's Board has their next meeting in January.

Senator Esposito made and Senator Morrow seconded motion **04-01**:

The Faculty Senate presents to the Board of Trustees the unanimous opinion that the health benefits of retirees (hired before 1994) are inviolable.

The motion passed unanimously.

Unfinished Business: none presented

New Business: none presented

The meeting adjourned at 5:25 p.m.

Submitted by Secretary, Nancy Geiger