4-11-2002

Faculty Senate Chronicle April 11, 2002

Heather M. Loughney

Corrected

the university of akron
Chronicle

a report to the faculty of
the university of akron

2001-2002, No. 9

April 11, 2002

26 Pages

TABLE OF CONTENTS

Any comments concerning the contents in The University of Akron Chronicle may be directed to the Secretary, Dr. Elizabeth Kennedy (x6932)
facultysenate@uakron.edu

MINUTES OF THE SPECIAL FACULTY SENATE MEETING OF APRIL 11, 2002

A special meeting of the Faculty Senate was held on Thursday, April 11, 2002, in Room 225 of Schrank Hall South.

Forty-two of the sixty-eight Faculty Senators were in attendance. Senators Brouthers, Conrad, Dechambeau, Harp, M.Huff, Isayev, Kahl, Laipply, Marino, R.Pope, Riley, and Wyszynski were absent with notice. Senators Anderson, Chafin, First, Hebert, Holz, Pinheiro, S.Pope, Purdy, Redle, Sakezles, Trotter, Turning, and Wallace were absent without notice.

Chair Sheffer called the meeting to order at 3:05 p.m. He stated the single item on the agenda today was the continuation of the consideration of the PBC recommendation for the 2002-2003 budget that was proposed last Thurs., April 4, at the regular meeting. Several other resolutions that had been sent out yesterday on email regarding function and composition of the PBC were not items dealing directly with the budget. He would take those to the Executive Committee on Monday at which time the EC would deal with those, either by working directly on the material that was in those resolutions because it was very similar to an earlier one, or by bringing it to the next Senate meeting. The agenda item today dealt with the PBC recommendations. The vice-chair of PBC, Senator Franks, would now take over.

Senator Franks began by stating that the discussion would pick up from the point of the last meeting with item no. 6 on the PBC recommendations **(Appendix A)**. Item no. 6 dealt with the fact that PBC was estimating a 2% increase in enrollment. This was a conservative estimate, the best we could anticipate at this time. It could very well be less; it could very well be more.

Senator Robert Huff then had a question he felt related to both item nos. 6 and 7. A 9.9% increase in tuition could have a negative impact on enrollment. Was the 2% increase an increase that was being assumed including a consideration of that 9.9% increase? He had never heard students so vocal and becoming so militant and organized about the situation with their tuition. And on a side note here, he thought we needed some means of communicating to the students the University's situation.

Senator Franks stated that he shared Senator Huff's concern. We did need some positive PR on this and we needed more factual reporting of the situation as well. Considering what all the other institutions were doing statewide, our situation did not look bad, and we were in line with everybody else. That information had gotten to Katie Byard (of the Akron Beacon Journal), and she had chosen not to print it. The Buchtelite should also be contacted. He knew that Dr. Roney and the rest of PBC were very concerned about how this might affect tuition. It was a complete unknown; we were moving into unknown territory here and we were concerned. He thought that the 2% was a conservative estimate and PBC had taken that into account. There were some indications that made enrollment better than 2%, but PBC had taken that into account in guessing that we might lose some people. The Beacon had reported it in the first paragraph in a strange manner.

Senator Robert Huff then stated that there seemed to be a tremendous disconnect between what had happened in the state over the past year and the more immediate news of tuition increases.

Senator Franks replied that PBC certainly had the same concerns that Senator Huff had.

Senator Sterns commented that if we looked at some of the history of our institution, we as a University chose not to take maximum increases in tuition. As a result, our tuition was behind for years. He wanted to be sensitive to these students, but this was also our opportunity to create a change in what had been a situation where we have been behind the eight-ball for many, many years. He thought all had to understand the dynamic of that but also that the University's tuition still would fall well within the range of other institutions in the state.

Senator Susan Clark stated that she shared both of the Senators concerns, but that this was an opportunity for us to send this issue directly to Academic Planning or some other subcommittee to engage in a concerted and planned effort to mobilize the students, either through the student organizations or some other method through our classes. This would provide an opportunity for students to understand that relationship between tuition increases and what was happening at the state level. Students could lobby their senators and representatives.

Senator Franks stated that this was another problem. For instance, the article from the President on Tues. (Akron Press Club) was very good; it really spoke to the issue of state funding for higher education. However, people he had talked to who had read the article and were not affiliated with The University of Akron had failed to make a connection between tuition increases and the state funding. He thought we ought to be working hard on trying to get our point across and make that connection. Moving on, PBC wanted to propose that no. 7 was right in line with what was going on in the state.

Senator Barrett then asked whether the $300 surcharge was a one-time surcharge, or was it that these new incoming freshmen were going to be paying that extra $300 every semester throughout? Senator Franks replied that it was throughout, for all new students. Senator Erickson asked whether that was every student that came in as a freshman. Senator Franks said that it affected first-time enrollees. Senator Erickson then asked whether it were a one-time basis. Senator Franks replied, "forever." Senator Norfolk added that it was $25 a credit for the first 12 credits, to which Senator Franks added that it was for all first-time enrollees, whether they were transfer students or freshmen. Senator Erickson asked whether it was for the first 12 credits, but not from then on? Senator Franks replied that this was correct.

Senator Erickson questioned the differential rates of increase and the rates of tuition for graduate tuition for students in the College of Business. Did this mean any department or college could decide their own tuition rate? What was the rationale for constraints on who was allowed to put up their own tuition? It had not been independent decision making by units before and now it was.

Senator Franks stated that this had come out of discussions that PBC had had all year on how to increase our revenues or find additional sources of revenues. The MBA or the Business Graduate School had been suggested. Dean Hallam wanted to do this because he knew he could increase his revenues this way, and had worked this out.

Senator Erickson asked whether any of us could decide to do that if we wanted to? Senator Franks replied that he did not know; it would have to be discussed first with the Provost and then brought to PBC.

Senator Erickson asked where the revenue from this differential increase would - back to CBA? Senator Franks replied that that was correct.

Senator Erickson then asked about the ROI that stated if a unit increased its revenue above and beyond, then they would get the money - was that correct? Senator Franks replied that that was his understanding. CBA would keep the differential.

Senator Erickson replied that this was really a very big deal and not to be "slipped in." It was a serious issue. It might be indeed a legitimate one, but it required considerable discussion.

Senator Franks stated that if Senator Erickson felt anyone had an appropriate program for a similar differential, that he/she make the same move and submit the same proposal.

Senator Erickson continued. For example, CBA was not a unit who was having huge problems with ROI, but those departments that might have problems with ROI might consider that they increased their revenue? Professional schools could all increase it, like engineering, polymer science? Senator Franks replied, yes, they could.

Senator Walter then stated he could shed some history. He remembered Dean Hallam saying he thought he could do this, he could get away with this because many of the students were from industry and industry was paying the tuition, not the student, per se.

Senator Erickson stated she understood that issue. She remembered an earlier business school dean suggesting a similar idea, but he had been suggesting it in the context that a business school should generate revenue for the University; that the money went into the pool for the University. He said that a business school for just that reason should not be a drain on the University's funds; it should be generated for the University, not having its own

"TUB," the phrase used at Cornell. Our institution was the opposite extreme where everything went into the same main system. At Cornell each of the different whole parts of the colleges generated funds, and their revenue went into their TUB. We needed to think through how that should be done and when that should be allowed. It was not a single-time issue. There were some serious issues from the point of view of the rest of the budget, because some units might not be able to do such things.

Senator Sterns added that he thought a more salient point was whether that had been endorsed by the Council of Deans, or was it just decided? Senator Franks replied that he could not answer.

Senator Lyons asked whether Senator Franks knew what the differential rates were. Senator Franks replied it was 21.3 for CBA graduate courses that would generate a couple hundred thousand in excess. Senator Lyons then asked about the Law School. Chair Sheffer stated that there was a 5% increase. Senator Franks stated that PBC had thought it was a good idea because it was extra money for the school and was a creative way to generate revenue.

Senator Erickson replied she had no problem with that aspect. There needed to be a well thought through policy on what happened to the revenue. Her feeling was that the differential was okay for CBA and the Law School, but the whole issue as to who got the money should be thought through by PBC and thought through as a general issue. Senator Franks replied he had recorded the concern.

Secretary Kennedy asked whether that were a motion from Senator Erickson. Chair Sheffer then asked whether Senator Erickson had an amendment? Senator Qammar then added a point for clarification. The recommendation from PBC was the budget. There was a line item someplace in the budget that talked about money going to CBA for this additional revenue. That line was the one that Senator Erickson might want to speak to. Chair Sheffer pointed out the line was on page A2, line 115, of the recommendation. The CBA graduate tuition differential - $200,000 was there.

Senator Erickson then offered clarification of her point. She felt that more information regarding the differential was needed. Who got the money and what was it to be used for? If all units could do this independently, what about university-wide costs? We needed to think through the effects. She had not heard the rationale for this decision. At this point in time, she would like the differential to be put into general revenue.

Senator Yoder then made a motion that the $200,000 from that particular line be struck and sent back to PBC for further discussion. Senator Hajjafar seconded her motion.

Senator Sterns stated that if he understood this motion, it was Senate's concern about the philosophy that went with the decision to have differential costs in different colleges. He

agreed with Senator Erickson that there was no reason we could not try it. But how was it going to be allocated? What could lead to the differential levels? Did that mean if there was a greater income in a particular college that they had higher university charges as a result? Did they pay at a differential rate? This opened up many different philosophies. We were part of a shared economy here, and what happened to the idea that one unit subsidizes the other, which was exactly what happened in a university? Were we going to lower tuition for units that were having difficulty recruiting? Essentially, that was this philosophy. Senator Erickson added that it was not the principle, per se, that was impossible, just that the issue needed some discussion.

Senator Hajjafar asked whether it were not the aim of the ROI to do such things.

Senator Lee then asked a question about the affect of the amendment. He was not exactly sure about the timelines. Did this mean only one line was sent back, but the budget could still go forward? Or was this meant to allow any chance of that money reappearing this fiscal cycle or was it just to kill it? Senator Franks stated that if that one line was to be struck, the revenue had to go somewhere. If not, the budget was not balanced. Senator Norfolk added that it would come off the deficit. For clarification, Senator Franks stated that there was no objection to no. 7, the differential increase for now, and the Law School's differential as well, but Senate wanted to take line 115 away from CBA and put it towards the deficit. Was that correct?

Senator Erickson stated that as she understood Senator Yoder's motion, it was to go back to PBC for discussion as to where it should go. Would that be a friendly amendment? Senator Yoder agreed.

Senator Qammar stated that that was her point of clarification. Did the original motion actually ask for PBC to re-decide where the money was supposed to go? The new amendment actually stated that it would go into the general fund. She would like to speak against the amendment to that motion, as ROI was still not completely implementable. In her mind, there were big chunks of it we had not completely defined. We did not really know how interactions were going to work between this quality, subsidy, and the production side of the credit hrs. We actually did not even know the impact of it or where we would come up with the money to cover it. This particular element said that the Business School was going out on the market to take a risk to generate more funds back into the University, which was the original motion. There had to be some element or underlying principle of risk also meaning some reward. I don't think the second portion of the amendment was automatically sucked up by the general fund. Looking at it from the student's point of view and the company's point of view, they were purposely asked to pay higher tuition. They ought to see some obvious effect that a nickel of it went back to CBA.

Senator Erickson stated that she did not have a problem with some of the revenue going back to CBA, just with it all going back to them. Senator Qammar pointed out that the

amendment had none of it going back to them. Senator Erickson stated that Senator Yoder's motion originally sent it back to PBC to look at. That meant it was not allocated to a place in the budget. For the short-term, so that there was a budget, it should be allocated somewhere while PBC looked at it again. This was a dangerous precedent. She agreed with the idea of with risk, marginal risk, there should be some incentive. This made a lot of sense and hoped that discussion would be in PBC.

Senator Reed added that she would also speak against that portion of the motion. If this went toward the deficit reduction, it sent the message to the business students that they were having a 21% tuition increase to cover the deficit at the University. Put it into an item called reserve for CBA differential or something and then treat it separately. She agreed with what Senator Qammar had said; there needed to be a connection between risk and reward. Further, as she had understood it, there was a proposal that had been made and considered by the administration. This wasn't just a half-baked thing that the dean came up with. They obviously had some plan that went along with that revenue, and the whole thing should be looked at.

Chair Sheffer then offered wording for a friendly amendment that the $200K be put into a line called reserved for CBA tuition differential. Senator Yoder accepted that as a friendly amendment.

Senator Louscher stated that he thought Senator Erickson's comments and Senator Yoder's amendment were simply that neither one of them was opposed to portions of the money or all of it being sent to the College of Business Administration if they took the risk. The problem was that this kind of thing had enormous repercussions for the University. It was a major policy decision that had not been thought through well enough. It might be a very great idea, but he thought all they were asking was that we study this more carefully and understand the unintended consequences of a good idea before we pursued it. It might be an extremely important idea, but at the present moment he was not convinced that we should move ahead on this without fully understanding all of the consequences. So he was troubled that Senator Yoder accepted so readily the friendly amendment.

Senator Erickson stated that this allowed us to get a budget at the same time with the notion that the PBC would start that discussion.

Senator Reed stated that if it were put into the deficit reduction at this point, then it was gone and would have to be recovered. She agreed that this could be looked at, but if we put it in as deficit reduction, we were locking ourselves into something.

Senator Yoder added that her point was to put it in abeyance so that we could further study it, whatever mechanism did that.

Senator Lee felt there might be complications. The Business School thought they had two halves to deal with - they would raise the tuition, and they would get $200,000. He thought the concerns raised were appropriately legitimate. He just wondered about us setting aside the $200,000. If he were the Business School and he knew he was only going to get 50% back, maybe he would not want to raise the fees so much. He was not sure that we ought to be approving the raising of the fees and just holding the allocation of funds in abeyance as opposed to holding the whole deal in abeyance.

Senator Jordan reiterated, supporting Senator Lee's thinking. He would add to the point that as he had been advised, the budget had to be done by the April Board meeting. We could not do much before then to do a good study of this important issue. We could still study the issue; this did not determine what we decided in the future about how these things ought to be done. Go ahead with this budget the way it was, given the deal everybody thought they were making.

Senator Erickson stated her surprise at Senator Jordan's comments - precedent was an important issue in law, and this would set a precedent. That's what bothered her. We had no academic plan; we will have an academic plan that will state what was important to the University and what we should be pushing. There may be some opportunities above and beyond what was decided at the university-level that a department or a school might say they really want to do more. Many times what they then did had cost significance that came back to us as the rest of the University. That's why we needed to look at it very carefully. She thought if you wanted to put the whole lot in abeyance that was a different matter, but she had a real problem just letting it go through this time and saying it would not make a difference. As in law, precedence was importance in this case.

Senator Graham then had a question about the accounting of the revenue. He saw the $200,000 in one place, which was basically where it was spent under non-personnel costs. He was assuming it was incorporated on the revenue side in line 17 under graduate tuition. What happened if whoever was paying this higher tuition, be it the students themselves or their employers, balked at it and as a result enrollment in the graduate programs in the College of Business Administration went down or did not go up as much as anticipated? Then did the $200,000 get removed on the expenditure side or did it stay there and did the rest of the University absorb the shortfall?

Chair Sheffer invited Vice President Nettling to speak to that. Mr. Nettling stated that if the students did not come as a result of this, yes, the revenue would go down because it was in the graduate revenue.

Senator Graham asked how that was absorbed then - spread across all programs? Mr. Nettling replied that the College of Business would not get as much; it was a balance, in and out.

Senator Barrett then stated she was a little confused with these differential tuition increases. We were talking about $200,000 extra that CBA got because of an extra increase in their tuition. What happened to the lesser increase in tuition that the Law School would get because they only had a 5% increase in tuition? Was that borne only by the Law School or was that spread around to the whole University?

Mr. Nettling replied that the Law School was already at a point at the peak of their tuition rates, so the dean suggested that 5% would be appropriate. Senator Barrett then asked whether they got money from the rest of the University too. Mr. Nettling replied yes, the Law School would get money from the University. Senator Franks then asked whether Senator Barrett's question was whether the rest of the University was subsidizing the Law School because their tuition increase is only 5%. Mr. Nettling answered that he would not say that.

Senator Lee stated that the point about allocating specially earmarked tuition increases was a good one, but would hasten to say that the Law School was not the only example. Because tuition for everyone else was going up 9.9% - were you seeing that 9.9% anywhere? No. It's getting put into the general fund for everybody, so the 5% differential was not really what was making the difference here. There was only one fund being earmarked and that was the CBA graduate tuition. None of the rest - our 5%, the 9.9% - none of those were earmarked for anything.

Senator Broadway suggested that undergraduate fees, because of Law differential and business differential, be separated out from graduate to be a specific line for business in the revenue side to see what the revenue was, rather than lumping it into two graduate amounts.

Senator Sterns returned to his earlier point and asked who attended the Council of Deans meetings here? He wanted to verify whether the Council of Deans had endorsed this approach.

Senator Qammar added a small bit of clarification. One of the things PBC had discussed when we looked at the differential tuition for the Law School and differential tuition for CBA was the potential market. We looked at the different levels of tuition the current law schools in this region in the State of Ohio were paying and we were already at the top. So PBC had a discussion that if we went and raised it again another 9.9%, we in fact were already over the top. We would start cutting into our market value and then the total revenue would go down because of that. Which was why we agreed to the 5% less tuition for the Law School. We were already on the downside of that curve - losing student population because we had relatively high Law School tuition. And vice versa for CBA - CBA saw most of their graduate students paying tuition themselves or corporate companies paying tuitions. They were having increases in enrollment, so they had more room for increases in terms of total dollars coming in.

Senator Steiner asked whether anyone knew whether CBA had a specific plan for the additional revenue that was generated by this move. What was the motivation for doing it, except that they thought they could? If there was not a specific need for generating this additional revenue, he did not think it was such a good idea to allow individual units to generate revenue to add to their coffers. If that was the case and there was not a specific need for that additional revenue, then maybe it should go into the general fund.

Mr. Nettling then stated that while there was nothing here Senators could look at, this had been covered with Provost Hickey and there was a proposal. Let's not say there was no specific reason. Chair Sheffer pointed out it was just a question to see whether anybody knew what this was at this point.

Senator Norfolk said that he liked this line in the budget, if only because we actually got to see things like this. In the past what happened was if the University as a whole generated more income, it sort of vanished somewhere and whoever happened to be spending more got to spend more. At least now we know where it was going. To which Senator Erickson replied that we did not know where it was going.

Senator Norfolk stated that he had a partial answer to that based on what he had heard the dean of business say. When CBA had to pay its share of the loss cuts, they had no vacant positions left. It had to come out of the operating budget. His guess was that that $200,000 was going to be a cushion against the next round of cuts that would come about because of ROI. He could not see where else they could spend it.

Senator Louscher wanted to speak again in support of comments made by Senator Erickson. The whole discussion centered around the fact that this was a serious issue. All the questions and comments were centered around these kinds of words - "I hope," "It is my desire," "I believe." It might be a very good idea, but it was one PBC should study more carefully.

Chair Sheffer stated that Senator Louscher could make a motion to amend that motion to address that. For clarification, Senator Yoder stated that the point of the amendment was to give us some more time to study this, because we thought it was a potentially slippery slope that we needed to explore further before we start sliding down. Senator Kennedy stated that her concern was that this had come from PBC, and PBC sounded as though they liked it just the way it was. She could appreciate the flip side of CBA because she was from C&T, and we had had to lower our tuition to attract students, to become competitive. There was no way C&T could ever do this to increase our revenues if we wanted to remain competitive in our market.

Senator Louscher added that he felt the work of the Senate should be done in committee and that we should defer to the committee's work whenever possible. However, he regretfully said that he did not believe that PBC today had presented an excellent or

acceptable argument for why we should do this. They might just need to do a little bit more to convince him that this was the direction we should go; he did not know. He would defer that PBC after they have studied this matter, but there were just too many "if's" and too much speculation right now with regard to the issue.

Senator Fenwick agreed with Senator Louscher. What he would like to see was rationale and the logic spelled out. We needed a better explanation.

Senator Franks stated he understood the concerns and was sorry PBC did not have all the answers for Senators. There had been consensus on the committee that this was a good idea. We had trusted Dean Hallam to do something good with it. We were not asking him to tell us what he was going to do with every dollar. We bought into the idea as a committee that this would be put to good use in a time of short resources. That said, if Senate wanted to send it back, PBC would get clear rationale, and if Dr. Hickey was here he could speak to it better.

Chair Sheffer then called for a vote on the amendment to strike the $200,000 from line 115 and to put it in a reserve fund. The motion passed as amended.

Senator Franks then moved the discussion to item 8. Item 8 dealt with the way we would deal with the deficit, all according to our hoped-for outcome in enrollment. With a 2% increase we would have a $2.2 million shortfall. The committee felt that the best way to deal with that shortfall would be a proportional cut across the board equally on both sides from the academic and administrative sides. If our tuition revenues did not go up 2%, then it would have to be a bigger cut everybody would have to make. If the revenues went up more, say 4%, we broke even.

Senator Yoder then proposed a motion. The rationale for this was that the burden of this year's cuts were shouldered by the academic units. Given the current budget as predicated on a 2% enrollment increase, the workload generated by that would disproportionately fall on the academic units. This resolution was a way to address that differential **(Appendix B)**. Chair Sheffer asked whether the resolution was a motion to substitute. Senator Yoder replied affirmatively, and Senator Graham seconded the motion.

Senator Franks then distributed a spreadsheet for Senators **(Appendix C)**. He had asked the budget office to look at the numbers from the alternate proposal to make sure that everything was accurate, and it accurately reflected what we were proposing. He did not think it did. He asked Mr. Nettling to speak to this, as he could explain it better.

Referring to the spreadsheet, Mr. Nettling indicated that the cuts to academic and non-academic units had been made proportionally to the budget allocated to each. That is, as the budget was allocated approximately 60 academic/ 40 non-academic, the cuts made were in

proportion to that allocation. The distributions of the cuts had taken place proportionately to each unit and to the total University's budget and the particular cut that was addressed.

Senator Norfolk stated he was reading the spreadsheet and thinking that none of the stuff made sense, but now he realized what it was. The reason why these figures looked a lot lower - for example, Arts & Sciences with a 15% cut - did not seem to make sense unless you realized that that was off the total, which meant salaries. Nobody here he knew of, no full-time employee, had lost their job. We had not laid anybody off, so therefore the cuts had to come from available money, which was why some places had been hit harder than others.

Senator Franks stated that the PBC had talked about this a lot today. We looked at this alternate resolution; we thought about the idea of changing the proportion of the cuts. There were 17 people on the committee - one of them never showed up, and he would not say who that was. Another one was the student, and he had tried to get the students to come this year but they would not come. The committee unanimously felt that we wanted to stand with our proposal the way that it was. We felt that it was even and fair, and this was the feeling of the vast majority of the committee.

Senator Rasor-Greenhalgh added that it was true that if enrollment went up it was a big burden on us in the academic units, but it really also affected the non-academic units. We were in this us/them mentality right now. It was a really tough situation, but the truth was, the money was needed in all areas. She thought an across-the-board cut made a lot of sense.

Senator Qammar stated, with apologies to Senator Franks, that had she attended the PBC meeting the vote would not have been unanimous. The rationale here was that you did have to have some kind of plan if in fact we did not have extra credit hr. increases to cover the debt. It was a contingency type of plan. There was somewhat of an expectation that we would have upwards of a 4% increase in credit hrs. and in the revenues that were generated with tuition. So it was somewhat likely that we would never have to use this portion of the budget. Nonetheless, we would still have to put it in place. The rationale of flipping the switch from 60% academic/40% non-academic, switching those ratios around, was the idea that the students were in fact paying a higher and higher portion of the revenue. When we started putting more people in the classrooms, we would now have 3, 4 semesters in a row with increased student enrollments, and you needed to put more people in the classroom, needed to have more part-time faculty to cover extra sessions, etc. The students who just got a 15% increase better make absolutely certain that they saw something else coming their direction. If we cut this again and made this 60% across-the-board proportional cuts again, we were talking about larger sections of these freshman classes, and going out to find more part-time faculty. We were going to put right in front of the freshman students a demonstrable element of lower quality for their dollar. She really believed that that was the case. We had had problems in english and math classes. We had had problems in the communications classes. We just could not afford to do that again. We had gone along with

this; we had to increase revenue because the state was making us do this or else we were really going to go downhill.

Senator Lee stated that the 60-40 split was because since our budget was 60% academic, our proportional cut comes 60% out of the academic side. By switching 40-60 he wondered whether the administrative side would be hurt more by making it 50-50, or by making it 60-40. He was wondering whether there was a particular rationale for making the units that were 40% of the budget pay 60%.

Senator Norfolk then stated that as much as he hated to say it, he was against the amendment. The administrative side and the way it was structured now could not afford the cuts. This was about absorbing cuts at 2-1/2 times the rate if you switched the proportions they were going to absorb as a percentage of their budget. What it would mean was not that a VP got laid off; it would mean that there were five fewer people in student admissions, one fewer person serving food in the dining hall, those kinds of things. It was going to be the little guys that got cut and the students that would suffer again. Also, if the first two sentences of this phrase were combined, it said that if we increased enrollment by 4% instead of 2, the academic side would have more money than this budget indicated, but the administrative side would still have to cut. Because it said we were going to cut 60% of the non-academic and 40% of the academic, but they were going to be restored 60-40 the other way. Was that the intent of this was?

Senator Yoder said the logic was that since the academic side made up 60%, its restoration should be equivalent.

Senator Norfolk replied that the amendment stated that if we went beyond this 2%, then you would still be cutting the non-academic side and throwing the money on the other side. Was that the intent of this second sentence?

Senator Hajjafar questioned which was more important for the students - less people to serve lunch or no paper for the students to take their tests on?

Senator Reed then echoed Senator Norfolk's comments. When we thought about the administrative side, we did not think about paychecks, paying bills on time, and all the things it took to make this University run. Some of those areas were very stressed to produce. She understood the sentiment behind it but was reluctant to push this on all these units. She thought Student Affairs was already underfunded, and a bigger increase would be very difficult in some of those areas.

Senator Fenwick wanted to speak in favor of the amendment. If we continually proportionately cut the budget, we were hauling out from underneath the academic side of the University. People came to the University to take classes, not to drink coffee. We really

faced problems by cutting back severely the money making side of the University. So it was not only sentiment, but there was also a good business reason for accepting the alternative.

Chair Sheffer stated that Professor Midha was requesting to speak. The body had no objection to this.

Professor Midha made several calculations on the chalk board at the front of the room regarding proportions related to the proposed method for making cuts. He then stated that this motion was saying 2% would come from academics and 4.5% will come from administration.

Senator Erickson stated she thought we had a problem here because we had to deal with the academic and non-academic side, two big hunks. No. 5 of the recommendations stated that the administration would implement a planning and accountability model. That was the problem with proportional. Was she not right, that PBC would not be going proportional if you had some measures of what was important and where the cuts could come if an academic plan were in place and if there were a method of how you would measure your administrative costs? That was her concern, these broader-based cuts. She was an economist, and an economist would talk about where the marginal costs were, and cut there. But not knowing where those were was the problem she had in evaluating anything.

Senator Franks replied that he thought that was certainly part of it.

Senator Graham then added that, for instance, the secretaries in his department were paid out of the academic side, and yet in the last year the secretaries in his department had had to spend an inordinate amount of time in checking fee requisite requirements, which ought to be taken care of on the administrative side in the Registrar's office. But because of new technology, they had not been able to do this. In the last year the academic side had been doing a lot of work formerly done on the administrative side, while cuts had hit the academic side rather heavily. Perhaps until we saw a way out of this, it would be only fair then that the academic side, which was where the revenue came from ultimately, would have the resources to enhance that revenue rather than face further punishing cuts.

Senator Norfolk stated that in response to a question he had asked, the answer is yes, there were people being freed up by the kinds of costs we were dropping to the department level. He then asked whether everyone understood what Dr. Midha had said.

With the Senate's permission to speak, Professor Tom Hartley stated that he thought Dr. Midha's numbers were wrong. He had switched the numbers around.

Senator Norfolk replied that for the base budget, those figures were correct. The point was that this would mean that the non-academic side would absorb cuts of approximately $1.3 million, assuming that we get just that 2% enrollment growth. And the academic side

would absorb cuts of about $900,000. Suppose enrollment went up an additional 2%, so we had no deficit. According to this proposal, you would have already cut the original 2%. What happens was, the 1.3 million went into the academic side which was ostensibly cut 900,000, and the 900,000 went into the non-academic side.

Senator Yoder replied that it was the restoration.

Senator Norfolk stated that if we got a 4% increase, that was going to happen if this passed and was implemented. That was the first thing. The second thing was, he had been fighting in favor of the ROI for a long time. People were standing up and saying it was the revenue cause of the University. Sit down and do the calculations. There were many departments on this campus that hemorrhaged money. There were teaching departments where people did not teach that much, who cost the University to be in their offices. If you were going to be totally realistic and businesslike, then you had to address that as well. You pretended as though it was one-half versus the other; it was not true.

Senator Qammar offered a point of clarification. There appeared to be some discussion about the exact wording in the resolution and what was 60% of and what's 40% of. When she looked more carefully at the spreadsheet, you could see that the suggested modifications in K really were just a switch of the total amounts of the crossed-off column of M - that they got $1.3 million associated with the non-academic side, and 880 associated with the academic side, because that was just the switch of the totals in M. When you looked at the added columns and when you looked at the difference in those in column O, auxiliaries had also been added in where they were missing in J, K, L, and M. The resolution was essentially to switch the 1.138 million on the academic side that shows in column O and move that up to the total on the non-academic side and move the $900,000 in column O down to the academic side. That was the correct interpretation of switching the 60-40, and perhaps we could leave the auxiliaries alone. That would make Dr. Midha's numbers not matching. Talking about K as the alternative resolution here did not include the auxiliaries; it got caught up in the semantics of relative percentage. The gist of the proposed switch resolution was use those total numbers - the 900K and the 1.1 million.

Senator Yoder then asked for help in understanding. In the second part about restoration, the idea that if that money came back to be restored proportionately, it was the restoration. So if the $2.2 million was made up, then if it was cut, it would be cut 60-40 of the academic administrative proportion. If that 2.2 million was restored, it would go back relative to the size of the two. So they would end up flush where they started. It was not, and if we made up that 2.2, the academic side made money on the deal. It should take us back to zero, the starting point.

Senator Qammar offered a friendly amendment on Senator Yoder's resolution to substitute. The friendly amendment would be that we consider column O as being the resolution for how to make up for the $2.2 million in current debt. She would also like to

eliminate the restoration side of the alternative motion, and let PBC decide how things needed to be restored. If we had to do a restoration, we were talking about the next budget year. Let's see what the negative impacts of this were. Let the PBC go back to figuring out where the restoration had to happen.

Chair Sheffer asked whether Senator Yoder accepted this as a friendly amendment.

Senator Yoder said that she thought the second part went back to what PBC already passed in its original motion. The original motion said such reductions would be restored proportionately with enrollment increases beyond the 2% budgeted. PBC had already made that decision; this just made it clear.

Senator Qammar asked Senator Yoder whether she wanted to continue with the original wording of the portion of the resolution. Senator Yoder replied that it was fine, as long as giving it the first sentence changed the percentages. Senator Qammar then stated that the friendly amendment was to substitute column O to eliminate the wording on restoration. Chair Sheffer asked whether the wish was to keep the wording from the original resolution. Senator Qammar replied that it was to keep the wording, "if enrollment increased beyond the 2% budgeted..." Senator Yoder indicated that this would be acceptable.

Senator Graham had a question about how column O would be used. Senator Qammar replied that the point was that we were not going to talk about individual cuts to individual units; it was just the total column. The total column of 1.138. would show up on the non-collegiate units, and the total column of 900,000 would show up on the academic units. Senator Graham then stated that we were not actually using column O; we were using a reversal of column O as far as the totals were concerned.

Senator Lee stated that if you took the $900,000 cut taken by the academic units, that worked out to about a 1.4% cut on the academic side. If you took the 1.138 and applied that to the $51 million that was on the administrative side, that worked out to about a 2.2% cut on the administrative side. Roughly what Dr. Midha was trying to get across was a bigger percentage hit on the administrative side.

Senator Susan Clark then stated she was not sure she was comfortable voting because she did not understand the effects of what it was we were doing. She did not understand the consequences we would be putting into place of which we had no thought about and no understanding of what our vote would mean. She was going to abstain and hoped that other people would as well, because we were voting on what seemed to be emotion rather than on logic. She had heard this body talk about equity being a policy goal in so many other things that we voted for, and when we had this equitable proportion in cut, then it suddenly seemed to be controversial. She was just not sure we were clear on what it was we were about to do.

Senator Erickson stated that we did not know whether the "equitable" cut was equitable or not because we did not have the information on what we should be doing without an academic plan. Because we did not have an evaluation of the administrative units, anything we chose was a guess anyway. It had to be done proportionately - was that equitable? She had no idea, but at least she had a rationale from the academic units as to why there might be more problems in the academic units than in the non-academic.

Parliamentarian Gerlach then asked for a final amended version. Senator Qammar that to work on the rewording on the original part 8, it was proposed that an estimated $2.2 million shortfall between planning expenditures and current revenue estimates be covered by reductions from the general fund operating budget such that administrative units cover $1.138 million; that academic units cover $900,912, and auxiliary units cover $160K. That was the amended substitute. Should state support be reduced beyond current expectations, such cuts would be made similar to the proposed plan for the shortfall.

Chair Sheffer then called for the vote. A hand count was taken. The results were, 25 for, 12 against, 3 abstentions. The amended motion has passed. Now the body was back to discussing the PBC recommendations, the original motion with the amendments that we had made. Was there further discussion?

Senator Qammar stated that the last time we met during the regular Faculty Senate meeting we were in the middle of talking about no. 5. Could we do anything with no. 5 at the moment?

Senator Hoo Fatt stated that she had asked the Senate whether anybody had seen these things called quality measures as related to the ROI, and nobody had. She had since heard from someone in PBC that they had quality measures. When Dr. Hickey had introduced his ROI, he sprung it on us. It was a little bit of a surprise and we did not have time to look at it. There were some numbers that were seriously below his cutoff point. That would have hurt certain units, so these units actually tried to work with Dr. Hickey to adjust his formula. She thought that was where this quality measures came in, at least that was what Dr. Hickey told us. It was very important to understand what these quality measures were. Could PBC explain what they were and how they were going to affect different units?

Senator Franks replied that they were actually two different things. The quality measures were the other half of the ROI model. The first half was the strict numbers, credit hr. production and so forth, and the other half was quality measures. PBC had sent a letter to all of the deans asking for the quality measures for their colleges. We had those; those had come back to us, but we simply had not had time to have a formal discussion of those quality measures. Today we had an informal discussion and it was stated that they looked pretty good and we did not have much problem with them. But we still had to have a formal review of what these quality measures were. Concomitant with that, PBC had had letters from deans asking us to address specific issues within their colleges, specific anomalies,

specific things that they were very concerned about with regard to the ROI. Now Dr. Hickey had said that he would consider those after we had applied the ROI one time. He wanted to go through one-year's implementation, look at it to see how things came out, and then seriously review it. That was built into the ROI resolution we passed that we said we would look at this annually and review it. So those concerns were separate from the quality measures.

Senator Hoo Fatt stated that it was her understanding that 50% was ROI, and the other 50% was quality measures - so actually, it was 50-50. Therefore, quality was just as important as the ROI itself. Senator Franks was telling her that PBC was not there yet, that there was no formula.

Senator Franks also stated that PBC had the measures and they did look good. Senator Hoo Fatt said that PBC did not know what to do with them. Senator Franks replied that he was sure they would know in a month or so. Senator Hoo Fatt then asked whether this ROI formula was going to start July 1? Senator Franks replied that that was correct.

Senator Hoo Fatt questioned whether only half of it was going to start on July 1? Senator Franks replied that, no, we would have the quality measures ready to go. If there were some strong objections from some of the quality measures, PBC would send them back to the deans and have them readdress it. But they would be ready to go shortly to the Provost and that was what he would use to apply the other half of the formula effective July 1. We were not a long way away from that.

Senator Erickson stated that she did not think we had the quality measures coming to the Senate to vote on, or the other one which was the administrative planning and accountability model - surely that went to PBC and then came to Senate also? Senator Franks replied, yes.

Senator Erickson was concerned that somehow this said, "will be applied," "will implement," and somehow it did not come to the Senate. That seemed to be a serious issue; it should be going to somebody apart from PBC. What did the Senate want done, because it seemed that that was another whole issue. You brought ROI to us, explained it to us, and we voted on it; these were serious issues. We needed to be talking about whether the people here in the Senate should decide whether it should just go ahead or, if not, she would rather that those not be included in this document.

Professor Minel Braun then asked for permission to speak. The body gave its approval and he had the following comments:

"I'm in the College of Engineering, and I have no problem with ROI and it should be implemented. The problem is this: There is one ROI for the entire University; there is one formula for the entire University. I think each college is individual and has its own individual

contributions and has individual yardsticks to measure its performance. I have repeatedly advocated on whatever levels I was that ROI has to be customized for individual colleges. Once they are customized for individual colleges, then those individual colleges can be held to that yardstick. But to take an ROI that fits the College of Arts & Sciences and plaster it on the College of Engineering is a formula for disaster for the College of Engineering. Take an ROI that fits the College of Engineering and plaster it on the College of Arts & Sciences and it's a formula for disaster for them. It's not fair to us or to them to be in the same mold. This body has to speak up, in my view, and request that ROI post equality measures and the first 50% - administrative or whatever it's called, has to be customized to the characteristics of every college. Then every college will be able to perform at the best of its ability."

Senator Qammar then stated that she would like to change the wording to say not "will be applied to," but "will continue to be developed for." We did not want to completely kill ROI; we needed to have some efficiency measures on campus. We could not put in language that said to apply it when it was not done, because we were giving a direct instruction to somebody to do it. We should continue to develop it for the academic units.

This was seconded by Senator Binienda.

Senator Norfolk made a point of order regarding item no. 8. We voted to amend the proposed amendment; we have not voted to replace that with the amendment. As it stood, that was what we were passing because we had only had one vote.

Chair Sheffer then stated that the body needed to vote to substitute the new 8 for the old 8. The motion to substitute passed with 26 for, 11 against, 1 abstention. Now onto Senator Qammar's amendment to the wording of no. 5.

Senator Graham replied that his following comments were both discussion of the amendment and also in response to Professor Braun. His understanding was that the quality measures were intended to in part compensate, perhaps entirely compensate for the enrollment side, so the people who would really suffer under ROI would be low-enrollment areas that also didn't do well on quality measures. Whereas low-enrollment areas that did do well on quality measures, once they were developed, would be fine. He was actually trying to think of an amendment for Senator Qammar's amendment, and he wondered whether there was a way we could word this to specify these quality measures and a planning and accountability model would be presented to the Senate in a timely fashion in the fall for them to be applied during the life of this budget. Was that possible? He would make that a friendly amendment to Senator Qammar's amendment.

Professor Braun was given permission to speak again.

"What you say may very well be true. The problem is that we don't really know what the quality measures are, and that's where Helen is right, that this thing should be continued

to be developed until there is consensus, the only way the ROI is going to work. So the motion she made probably responds to my concern and to yours and I think it would serve the purpose."

Senator Graham then asked whether the body could put a time on the development of these. He would propose that as an amendment, to add a sentence in no. 5 that the quality measures and the planning and accountability model shall be presented to the Faculty Senate in a timely fashion in order to be used in this budget cycle. As no. 5 read, they were going to be used, we just did not know what they were. So what he was trying to insist was that they be presented to us for approval.

Senator Qammar replied that she did not accept that friendly amendment in its entirety. Once we passed a budget and whenever PBC got around to finishing this, PBC ought to take it under advisement that this body would like it done as soon as possible. PBC understood that. There was a new PBC in the fall, and once you put somebody's budget into place, don't plan on implementing a change of the budget in the middle of a budget year. That was a disaster.

Senator Graham withdrew the amendment.

Senator K.Clark stated that she wanted to understand that when we passed the ROI in principle, both sides, we were voting to try on this model. So now we were leaping to the implementation, and the PBC she assumed was trying to put the model into place for our particular University. Was that accurate or not? This seemed very natural. Was this what Dr. Hickey would say, to try it for a year as we did not know how it was going to work out? We were going to try to make some reasonable attempts to do this.

Senator Franks stated that PBC had built a lot of safeguards into this also. The fact that it was going to be phased in over a 5-year period, so the 50% that's enrollment driven was going to be 10% the first year, then 20%, 30%, so forth. All this spoke to was that we were ready to go ahead with it and it was a reminder that we were going ahead with it. We put the issue of the administrative side where there were measures in there to make a strong statement that they too were accountable and must implement something.

Senator Louscher then stated that there were several arguments going on at once. The unresolved issue of whether or not ROI was going to be a disaster, and another issue related to the role of the Senate in the process. He thought it was settled, the question that we were going to experiment with ROI. The difficulty with the language in no. 5 was concern about whether or not the Senate would have a role in the applied aspect of it. That could be handled very easily in terms of changing a few words - "return on investment model including both enrollment productivity and quality measures will be applied with approval of the Senate in the following areas." You could not keep revisiting issues we had already voted on. This body did not want to turn over its budget responsibilities to somebody else, and the language

would be applied to suggest that the Senate was not going to have a role. To be quite candid, the discussion about whether or not we should have ROI was irrelevant; we already did that. The question was the language. Discussion should focus on that particular phrase and whether or not that phrase should be changed.

Chair Sheffer pointed out to Senator Louscher that the motion that was on the floor right now was to say the return on investment model including both enrollment productivity and quality measures would continue to be developed for the academic areas. So the words "will be applied" will be struck.

Senator Qammar added that she thought it was important to understand what we voted on. We had passed ROI, but PBC had not had any discussions about this and we did not really understand it. When you looked at the spreadsheets, lines 111-124, the academic units plus ROI distribution, there was absolutely no discussion as to how those numbers would be shifted around and reallocated when the first year of ROI was applied. When you looked at the implementation of the first year of ROI, right now you could not add in any quality measure information. So all you had right now was to say that a million dollars had to be shifted out of a $7.9 million total. And that million dollar shift was only going to come from four units, pretty much the four smallest units on campus. The problem that she had was that PBC had not had ample opportunity to say if we applied it in this very blunt manner, we did not actually know the repercussions that we could cause to these units who were below the 1.7. Right now we supposedly promised a million dollars to these other units on campus. Never once in the ROI did it really say where the million dollars was to come from. It still needed to be developed so we understood the damage we really were doing.

Senator Binienda reiterated that we should not use it if it was not ready yet. We accepted People Soft, and right now we're all suffering. We should not take another experiment and continue accepting something which was not yet prepared.

Chair Sheffer asked whether Senator Binienda was speaking for the amendment to change the wording, "to continue to be developed?" The Senator replied that he was.

The Chair then asked whether there was anyone who wished to speak against the amendment proposed by Senator Qammar.

Senator Jordan stated he had a question. If we passed this and we get to July 1 and the status was where it stood now, then what happened? When the ROI would have started to be implemented, what would be happening instead?

Chair Sheffer asked the body's permission for Vice President Mallo to speak.

Mr. Mallo made a point of clarification. The Board of Trustees at their December meeting this past year adopted the ROI recommendation as presented by the Provost and

approved by the Senate, and he would like to reclarify this discussion. It allowed colleges that achieved an ROI ration of 1.7 or greater to share in tuition revenues and compete for quality/strategic priority funding, the measures of which would be identified by July 1, 2002, by the Provost in consultation with the Council of Deans and the Planning & Budgeting Committee of the Faculty Senate. That was the resolution.

Senator Reed stated that Senate had approved the ROI model. It did give the Provost a central role in terms of implementation, and we were advising on the quality measures. We had to accept the fact that the Provost, who was responsible for the entire academic side of the University, could choose to make adjustments in college budgets in his own discretion in his administrative role. The Provost was trying to achieve some kind of budget system that outlasted individual provosts and then that we have a structure here. We were committed to ROI, although in our main discussions with the Provost it was not his intention to pull the rug out from under units. This was not a punitive thing and not how we developed it. It was going to continue to be something that was massaged and worked with. She was shocked that people were saying they had not seen these, because she knew in her college they were developed and shared with faculty. There was some knowledge of what our quality measures were. We had those and would work on it, but she did not know that it would have to be approved by the Senate. It was something in the way it was structured that would go to the Provost and he would get advice.

Senator Norfolk then proposed an alternative amendment to amend the amendment to delete item 5. This was seconded by Senator K. Clark. Senator Kendra then made a point of order - did not the Senate have to vote on whatever substitute amendment was on the floor now before we decided on deleting no. 5 entirely?

Senator Norfolk stated that he was amending the amendment.

Senator Hoo Fatt felt we could not delete it. We had to say something or else it would go back to whoever was pushing the ROI. Actually, what was the rush of something so good? This was a good thing; everybody agreed it was a good thing so it must be a good thing. From day one this was a big rush.

Senator Louscher stated he thought the fundamental issue here was the language "will be," and we were getting ourselves distracted by debating ROI. The issue was simply the language will be, and what did that mean for the Senate's role in the future? He wished we would just stay focused on the amendment.

Senator Kinion stated that the one thing that was important was that the administration implement the planning and accountability model that addressed their areas. That had been the cry of the PBC for year and years. The ROI model, although it was not complete and still was in a process, was certainly better than what we had had previously when we did not know what we were going to get or when, or how much it would be.

Senator K. Clark stated that she thought we might not need item no. 5, so why was it in the budget if we already voted on it in the resolution last year? Maybe we did not even need it here.

Senator Graham added that as he understood Senator Norfolk's amendment, since this spreadsheet was also part of what we were voting on and it incorporated ROI, if we eliminated no. 5, we were essentially keeping 5 for all intents and purposes.

Senator Jordan's initial reaction was that we had already done this. That the administration would implement a planning and accountability model was a statement we had not made before. So if we eliminated 5, we eliminated that.

The Chair then called for a vote on Senator Norfolk's amendment. With only two votes in favor, the amendment failed. Discussion on Senator Qammar's amendment resumed.

Senator K. Clark stated that if the body were deciding that we really wanted to keep the part having to do with the administration's planning and accountability, should we not leave the first part of the sentence out?

No further discussion on Senator Qammar's motion, Chair Sheffer called for a vote on the motion. The motion carried.

Chair Sheffer stated the body was then back to discussion of the motion brought to it by PBC. A vote was taken. The motion passed with 34 ayes, 1 nay, and 0 abstentions.

Senator Yoder asked where the motion went from here. Chair Sheffer replied that it went to the President who could reject it, send it back, or send it on.

Chair Sheffer then called for a motion to adjourn. The meeting adjourned at 5:05 p.m.

Transcript prepared by Marilyn Quillin

APPENDIX A

PBC RECOMMENDATIONS FOR 2002-03 BUDGET AS AMENDED AND PASSED BY THE FACULTY SENATE, APRIL 4, 2002

Motion: The Planning and Budgeting Committee hereby submits to Faculty Senate its recommendations for the University's 2002-2003 budget (see attached detail for further information) which includes the following key components:

1. The PBC strongly supports the addressing of faculty and staff compensation issues including the creation of a 4-percent salary pool for faculty, staff, and contract professionals; the set aside of $1.2 million to begin to address faculty salary equity/compression starting with the ranks of Professor and Associate Professor in 2002-03; and elimination of the proposed $750,000 employee cost sharing for health care during this fiscal year, subject to the recommendations of the Faculty Senate Well-Being Committee.

2. The proposed budget continues $1.5 million in funding for the Research Initiative, plus a $1 million reallocation to make graduate stipends more competitive and new base funding of $208,000 for faculty research grants as proposed by the Faculty Research Committee. It is understood that over the next two to three years, the Research Initiative will become self-supporting through indirect cost recovery and other revenues associated with planned growth in this arena.

3. In support of the Landscape for Learning plan, $563,000 is budgeted for new building operations and maintenance (primarily the Arts and Sciences building). A temporary subsidy to the student union also is funded to offset a decline in revenues during the transition from one building to another.

4. Fixed cost increases are provided for, including projected increases in utilities, a planned server upgrade, and increases in software licensing fees.

5. The Return-on-Investment model, including both enrollment productivity and quality measures, will continue to be developed for the academic areas, while the Administration will implement a planning and accountability model that addresses their areas.

6. Based upon the best estimates currently available, a 2-percent increase in enrollment is assumed.

7. To support continuing plans for enhancing the University's quality and stature in strategic areas, a 9.9-percent increase is proposed for tuition and fees plus a $300 surcharge for all first-time enrolled undergraduates. Differential rates of increase are proposed for law tuition and for graduate tuition for students in the College of Business Administration. To minimize the impact on students with particularly difficult financial challenges, the financial aid budget will be increased a proportional amount.

8. It is proposed that the estimated $2,200,000 shortfall between planned expenditures and current revenue estimates be covered by reductions from the General Fund Operating Budget such that Administrative units cover $1,138,000 (51.7% of the $2,200,000), the Auxiliary subsidies cover $160,000 (7.0% of the $2,200,000), and the Academic units cover $912,000 (41.3% of the $2,200,000). If enrollment increases beyond the 2 percent budget, reductions will be restored in the aforementioned proportions. Should state support be reduced beyond the current expectations, such cuts will be made similar to the proposed plan for the shortfall.

APPENDIX B

Alternative Resolution for Part 8:

8. It is proposed that an estimated $2.2 million shortfall between planned expenditures and current revenue estimates be covered by reductions from the general fund operating budget such that administrative units and auxiliary subsidies shoulder 60% of the costs with the remaining 40% assumed by the academic units. If enrollment increases beyond the 2 percent budgeted, reductions will be restored with a 60%: 40% ratio of academic units and administrative units. Should state support be reduced beyond current expectations, such cuts will be made similar to the proposed plan for the shortfall.

Rationale: Proportional cuts in the current 2001-2002 budget were enacted such that academic units contributed 59.5% in the first round and 53.8% in the second round. A proportional cut scenario for 2002-2003 would result in a 57%: 43% academic: administrative ratio in 2002-2003. Furthermore, the 2002-2003 projections are predicated on at least a 2% enrollment increase that would exact costs throughout the university but disproportionately on the academic side.

Thus, the alternative resolution above specifies that cuts be disproportionately shouldered by the administrative side that was impacted less by prior cuts and that projects lesser workload increases. Similarly, this alternative specifies that restoration be made inversely to cuts in recognition of the disparate workload burden to the academic side resulting from enrollment increases.

Note: The plan does not specifying how cuts and restorations will be operationalized within units. They need not be across-the-board, drawing instead on ROI, an Academic Plan, or other means of prioritization.

	2001-2002 BUDGET							A suggested modification	Current Poposal from PBC
Non Collegiate Unit	Stud Service Y/N	Total in 1st round	% share (1st round)	Total in 2nd round	% share 2nd round	Total reduct	% share in proportional cut scenario	If 60% from Nonacad and 40% from Academic	If Proportional, 40% from Nonacademic
Office of Pres		34000	1.4%	20812	1.2%	54812	1.3%	39217	26145
Senior VP and Provost		58791	2.4%	35932	2.0%	94723	2.2%	67773	45182
VP Cap Planning & Fac		233019	9.3%	182832	10.2%	415851	9.7%	297537	198358
VP Business and Finance		0	0.0%	140181	7.8%	140181	3.3%	100298	66865
VP Student Affairs	Y	152323	6.1%	55600	3.1%	207923	4.8%	148767	99178
VP & Gen Counsel		16555	0.7%	12896	0.7%	29451	0.7%	21072	14048
VPCIO	Y	391564	15.7%	307424	17.1%	698988	16.3%	500119	333413
Human Resources		25516	1.0%	0	0.0%	25516	0.6%	18256	12171
VP Public Affairs/Dev		81539	3.3%	53265	3.0%	134804	3.1%	96451	64301
VP Research and Grad	Y	20175	0.8%	22464	1.2%	42639	1.0%	30508	20339
		1013482	40.5%	831406	46.2%	1844888	42.9%	1320000	880000
Academic Units									
Univ College		35193	1.4%	22987	1.3%	58180	1.4%	20847	31271
Arts and Science		410043	16.4%	268346	14.9%	678389	15.8%	243082	364623
Bus Admin		170790	6.8%	112030	6.2%	282820	6.6%	101341	152011
C&T		107206	4.3%	70209	3.9%	177415	4.1%	63572	95358
Education		115000	4.6%	75502	4.2%	190502	4.4%	68261	102392
Engineering		149300	6.0%	92029	5.1%	241329	5.6%	86474	129710
Fine and Applied Arts		199625	8.0%	130644	7.3%	330269	7.7%	118343	177514
Law		109867	4.4%	71892	4.0%	181759	4.2%	65128	97692
Nursing		89313	3.6%	58367	3.2%	147680	3.4%	52917	79376
Polymer Sci & Eng		101143	4.0%	66404	3.7%	167547	3.9%	60036	90054
		1487480	59.5%	968410	53.8%	2455890	57.1%	880000	1320000
	Total Reduct	2500962		1799816		4300778		2200000	Total Proposed Debt from PBC
Aux									
Athletics		0		350000					
Rubber Bowl		0		7620					
Studen Center		0		7531					
Res Life and Housing		0		18829					
EJ Thomas		0		28817					
				412797		412797			

APPENDIX C

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1		added column	2001-2002 BUDGET						added column		A suggested modification	added column	Current Poposal from PBC	added column	added column	added column
2	Non Collegiate Unit	Total Budget	Stud Service Y/N	Total in 1st round	% share (1st round)	Total in 2nd round	% share 2nd round	Total reduct	% of Unit Budget	% share in proportional cut scenario	If 60% from Nonacad and 40% from Academic	% of New Unit Budget	If Proportional, 40% from Nonacademic	% of New Unit Budget	Proposed = Share	% of Unit Budget
3	Office of Pres	1,459,937		34,000	1.4%	20,812	1.1%	54,812	3.8%	1.3%	38,689	2.8%	25,793	1.8%	25,478	1.8%
4	Senior VP and Provost	2,527,595		58,791	2.4%	35,932	2.0%	94,723	3.7%	2.2%	66,860	2.7%	44,574	1.8%	44,113	1.8%
5	VP Cap Planning & Fac	11,087,012		233,019	9.3%	182,832	10.0%	415,851	3.8%	9.6%	293,529	2.8%	195,686	1.8%	193,491	1.8%
6	VP Business and Finance	3,730,512		-	0.0%	140,181	7.7%	140,181	3.8%	3.2%	98,947	2.8%	65,965	1.8%	65,100	1.8%
7	VP Student Affairs	7,247,521	Y	152,323	6.1%	55,600	3.0%	207,923	2.9%	4.8%	146,763	2.1%	97,842	1.4%	127,643	1.8%
8	VP & Gen Counsel	787,682		16,555	0.7%	12,896	0.7%	29,451	3.7%	0.7%	20,788	2.7%	13,859	1.8%	13,748	1.8%
9	VPCIO	18,630,561	Y	391,564	15.7%	307,424	16.8%	698,988	3.8%	16.2%	493,382	2.8%	328,921	1.8%	325,137	1.8%
10	Human Resources	1,124,497		25,516	1.0%	16,630	0.9%	42,146	3.7%	1.0%	29,749	2.7%	19,8[illegible]	1.8%	19,625	1.8%
11	VP Public Affairs/Dev	3,593,455		81,539	3.3%	53,265	2.9%	134,804	3.8%	3.1%	95,152	2.8%	63,4[illegible]	1.8%	62,713	1.8%
12	VP Research and Grad	1,367,319	Y	20,175	0.8%	31,026	1.7%	51,201	3.7%	1.2%	36,140	2.7%	24,0[illegible]	1.8%	23,864	1.8%
13		51,556,091		1,013,482	40.5%	856,598	46.9%	1,870,080	3.6%	43.2%	1,320,000	2.7%	880,000	1.8%	900,912	1.8%
14																
15	Academic Units															
16	Univ College	1,550,931		35,193	1.4%	22,987	1.3%	58,180	3.8%	1.3%	20,847	1.4%	31,271	2.1%	27,067	1.8%
17	Arts and Science	18,085,924		410,043	16.4%	268,346	14.7%	678,389	3.8%	15.7%	243,082	1.4%	364,623	2.1%	315,635	1.8%
18	Bus Admin	7,538,373		170,790	6.8%	112,030	6.1%	282,820	3.8%	6.5%	101,341	1.4%	152,011	2.1%	131,558	1.8%
19	C&T	4,730,149		107,206	4.3%	70,209	3.8%	177,415	3.8%	4.1%	63,572	1.4%	95,358	2.1%	82,551	1.8%
20	Education	5,077,735		115,000	4.6%	75,502	4.1%	190,502	3.8%	4.4%	68,261	1.4%	102,392	2.1%	88,616	1.8%
21	Engineering	6,195,348		149,300	6.0%	92,029	5.0%	241,329	3.9%	5.6%	86,474	1.5%	129,710	2.2%	107,959	1.8%
22	Fine and Applied Arts	8,806,320		199,625	8.0%	130,644	7.2%	330,269	3.8%	7.6%	118,343	1.4%	177,514	2.1%	153,689	1.8%
23	Law	4,847,749		109,867	4.4%	71,892	3.9%	181,759	3.7%	4.2%	65,128	1.4%	97,692	2.1%	84,604	1.8%
24	Nursing	3,938,870		89,313	3.6%	58,367	3.2%	147,680	3.7%	3.4%	52,917	1.4%	79,376	2.1%	68,742	1.8%
25	Polymer Sci & Eng	4,458,577		101,143	4.0%	66,404	3.6%	167,547	3.8%	3.9%	60,036	1.4%	90,054	2.1%	77,805	1.8%
26		65,229,976		1,487,480	59.5%	968,410	53.1%	2,455,890	3.8%	56.8%	880,000	1.4%	1,320,000	2.1%	1,138,226	1.8%
27															-	
28		116,786,067	Total Red(	2,500,962		1,825,008		4,325,970	3.7%		2,200,000	2.0%	Total Proposed Debt from PBC		2,039,138	1.8%
29																
30	Aux															
31	Athletics	7,629,000		0		350,000		350,000							131,750	
32	Rubber Bowl	204,200		0		7,620		7,620							3,558	
33	Studen Center	200,000		0		7,531		7,531							3,484	
34	Res Life and Housing	500,000		0		18,829		18,829							8,709	
35	EJ Thomas	767,000		0		28,817		28,817			Total Adjusted budgets after FY02 reductions				13,361	
36		9,300,200				412,797		412,797							160,862	
37																
38		$ 126,086,267						$ 4,738,767					121,347,500		2,200,000	1.81%

Correction
Pg. 4

the university of akron
Chronicle

a report to the faculty of
the university of akron

2001-2002, No. 8 April 4, 2002

51 Pages

TABLE OF CONTENTS

Any comments concerning the contents in The University of Akron Chronicle may be directed to the Secretary, Dr. Elizabeth Kennedy (x6932)
facultysenate@uakron.edu

MINUTES OF THE FACULTY SENATE MEETING OF APRIL 4, 2002

The regular meeting of the Faculty Senate was called to order by Chairman Dan Sheffer at 3:05 p.m., in Room 202 of the Buckingham Center for Continuing Education.

Forty-four of the sixty-eight Faculty Senators were in attendance. Senators Lavelli, Lee, Li, Marino, R.Pope, Reed, Riley, Spiker, and Wyszynski were absent with notice. Senators Anderson, Binienda, Broadway, Brouthers, Buckenmeyer, Chafin, S.Clark, First, Louscher, Purdy, Rasor-Greenhalgh, Trotter, Turning, and Walter were absent without notice.

SENATE ACTIONS

- **APPROVED THE SPRING 2002 COMMENCEMENT CANDIDATES.**
- **APPROVED RESOLUTION FROM CFPC TO ACCEPT REASSIGNMENT REQUEST 1200-141, ALLOCATING CARROLL HALL 320 A,C, AND D FROM THE GEOGRAPHY DEPARTMENT TO COMPUTER BASED TESTING, AFTER GEOGRAPHY MOVES TO THE NEW ARTS AND SCIENCES BUILDING.**

I. APPROVAL OF THE AGENDA - Chair Sheffer stated that there was a correction to the agenda. Where it stated, "consideration of the minutes of February 7," it should state, "March 7, 2002." He asked for other corrections. The Senate then voted its approval of the corrected agenda.

II. CONSIDERATION OF THE MINUTES OF MARCH 7, 2002 - Secretary Kennedy stated that she had no corrections to the minutes. Senator Hebert moved that the minutes be approved; Senator Lyons seconded the motion. The body then voted its approval of the March 7, 2002, minutes.

III. REMARKS OF THE CHAIRPERSON - Chair Sheffer stated that he had just a few items here with respect to remarks and special announcements. First, Marilyn Quillin was distributing two handouts for the Senators, and this was part of a report that Prof. Midha would be presenting in a few moments. Secondly, all committee chairs of all Senate committees must submit reports if they had not done so already for the May Chronicle. He asked that those be submitted to Marilyn to be put into the May Chronicle. Thirdly, Senate needed to approve the Spring 2002 commencement candidates. Marilyn had the list here today, and he believed the lists were circulated to the colleges and departments. He called for a motion to approve the Spring 2002 commencement candidates. Senator John so moved;

Senator Harp seconded the motion. No discussion of the motion forthcoming, the body voted its approval of the Spring 2002 commencement candidates.

IV. REPORTS

EXECUTIVE COMMITTEE - Secretary Kennedy began her report by stating that the Executive Committee had met on March 18. At this meeting we considered a request from PBC to check into Web CT and curriculum issues regarding adopting a current web format. Apparently, there was some concern regarding curriculum issues during the approval process. These issues ranged from enforced content to test and assignment security to syllabi, etc., and reportedly these were not being addressed by the current approval procedure. Therefore, the Executive Committee was going to refer this matter to APCC to investigate and report back, and I'll be sending a formal request to the chair of that committee next week. Since the special Faculty Senate meeting of March 21, the Executive Committee had met twice. On March 22 the Executive Committee met with the President and Mrs. Herrnstein. During this 4-hour meeting we discussed issues relating to communication between the administration, the Executive Committee, and the Faculty Senate. In particular, we discussed breakdowns and problems that had occurred during the past year. We also discussed issues related to a breakdown in the shared leadership process and expressed our dissatisfaction with many of the situations that had occurred during the year. Basically, the Executive Committee voiced many concerns regarding the various problems that had occurred, many which we documented in our resolutions. We also met twice on Mon., April 1, once with committee members only present and then with the President as well. At our Executive Committee only meeting, we began an initial discussion of the PBC proposed budget, and as that was part of our agenda today, we would address those issues then. At the second meeting with the President we revisited issues raised at our March 22 meeting, and also began an initial discussion of the budget.

REMARKS OF THE PRESIDENT - Chair Sheffer invited President Proenza to address the body.

"Thank you, Mr. Chairman. Good afternoon, colleagues. Thank you indeed for your continued involvement in the deliberation of the many issues that are facing The University of Akron and for your collective and individual commitment to improving our communication. Because as faculty, that is certainly something we must do and as your Secretary has just informed you, we've certainly begun actively in those discussions and I'll have a few more words to say about that.

Your chairman has provided me a copy of the resolution passed by the Senate at its special meeting, and as I have already advised your Executive Committee, I will take the following actions: First, I will forward it to our Board of Trustees for their information; and second, I've already initiated or will soon initiate a number of specific actions to work with

the Senate and other appropriate faculty and campus community groups such as department chairs and deans, as well as special advisory groups to address the issues raised and to work together in improving communication and the processes leading to specific recommendations.

Much of the balance of my report this afternoon, therefore, will inform you of steps that have already been put in motion. Current steps involve three major areas: First, budget recommendations related to salary and compensation, including health care. Second, other processes for obtaining appropriate and timely faculty input. Third, overall communication in University planning. Let me address each of these in turn.

Among the elements in current budget recommendations of the PBC is a proposal for $1.2 million to address salary compression and equity outlier issues for professors and associate professors. This, ladies and gentlemen, as you've heard me say earlier, is the first of two steps to address compensation issues.

The second step will be a plan to move average faculty salaries to the 75th percentile among peer institutions within three or four years. To this end, I have appointed an academic salary affairs task force to work with the office of the Provost, the Faculty Senate, and to advise me on issues relating to faculty salaries. Members of this task force are Professor Chand Midha serving as chair; the chair of the Faculty Senate, Professor Sheffer; the chair of the President's Commission on Equity, Professor Elizabeth Reilly; Professor of Accounting, Tom Calderon; Professor of Economics, Gary Garafalo; the PBC representative, Professor Rasor-Greenhalgh; and a representative from my office, Ms. Becky Herrnstein. Dr. Midha is here and because it might be most timely to hear things in order, if you will permit me to interrupt my remarks at this point and ask Professor Midha to report to you on the progress to date."

Dr. Midha then began his report. He requested that because of time limitation, Senators listen to his report and then he would take as many questions as the body might have.

He continued. As the President had mentioned, we had been given the task of looking at the compression and equity issues among the salaries of associate and full professors, and we had been allocated $1.2 million. We have 11 benchmark schools plus The University of Akron, and all together we had data for 12 schools. The graphs given to Senators **(Appendix A)** would tell that at those 12 schools the average salary of a professor at a benchmark school was $81,095. This was for 2,465 professors at those schools. For example, for history that ratio was .97, which meant that at benchmark schools history professors make .97 of $81,095, and that number was $78,485. So likewise, Senators could calculate their own salary depending on discipline, and these bar charts reflected those numbers - .87, 1.7, and so on.

Using history professors as example ✓ a correction

Pages 1 and 2 would give that information, and pages 3 and 4 gave us the reality at The University of Akron. At The University of Akron the average salary of a professor was $71,616. Market reality told us that they should make $71,616 x .97 and that number equals $69,467. If the market reality held, The University of Akron average salary of a professor should be $69,467. However, that was not the case on our campus. On our campus the average salary of a history professor was .88 of $71,616, which turned out to be $62,873. So the first two pages were telling us the market reality of the disciplines, how much they should make relative to all-around salary, and pages 3 and 4 were telling you the reality at The University of Akron as far as disciplines were concerned.

As could be seen on page 3, almost all the points he read were green; green meant they were doing okay and red meant they were not meeting the market reality. So that gave the pictures of the discipline market on pgs. 3 and 4. ~~Pages 5 and 6 indicated what we are doing at benchmark schools, with the average salary of history professors being $78,485. At The University of Akron the average salary of a history professor was $62,873. So pages 5 and 6 were telling you how the average salary of a discipline related to the average salary at the benchmark schools.~~ Pages 5 and 6 were giving the comparison of average salary of Professors in different disciplines at UA compared to disciplines average salary for Professors at Benchmark Universities

On to This OK to

The first 6 pages were at the professorial rank, and the same thing was depicted in graphs 7 through 12, ~~the market reality of benchmark schools~~ for associate professors. ~~Pages 9 and 10 depicted reality of The University of Akron, and 11 and 12 were telling how the disciplines compared.~~ Here was the list of all the Benchmark schools, and many were aware of how we selected these schools. We got input from the chairs, and then Provost Hickey got ~~information from schools~~ approval from the Deans. These were the 12 schools, and because of different disciplines and different schools we had to come up with the best compromise. Again, using history as an example, the benchmark school's reality was .97, and at The University of Akron it was .88. An attempt was going to be made to bring the market reality ratio of .88 closer to the benchmark reality of .97. We would leave other green charts or green bars harmless and not do anything to them, except we would be adding dollars to disciplines which were in red. We needed to give critical care to some people and simply an antibiotic to other people.

On tape

a correction

So looking at one discipline at a time, some dollars would be added to bring that ratio closer to the market reality. We were going to do that one at a time, and eventually our goal is to raise the average salary of a professor at The University of Akron. ~~It would take some time but we did not have enough money and had the next 2 or 3 years to do that.~~ Calculations would tell us that if we had $1.2 million allocated to us, we were going to break it down roughly $800,000 at ~~the fourth~~ professorial level, and $400,000 at the associate prof. level. ~~At the Profe~~ Bridging the gap to bring the disciplines closer to market reality would roughly cost us $450-~~500 million~~ 500,000, and that would leave us with $300-350,000.

On tape

level

correction

Professor Midha continued. Senators had another sheet **(Appendix B)**, looking at the compression issue at The University of Akron. This reflected the most current data for The University of Akron for the year 2001-2002. When we looked at the average salary of

all on tape

professors for the year 2001-2002 at The University of Akron, that turned out to be $75,881. ~~What~~ we were trying to do was break that salary into different groups~~, but for those~~ For professors who were in the rank for ~~here~~ less than 5 years, their average salary was $74,152, and those ~~here~~ in the rank 6-10 years, their average salary was $72,209. The compression was starting there, so people in the rank ~~here~~ less than 5 years were making more than professors 6-10 years, and so on. To explain why ~~this was happening; during the last 5 years~~ we had brought some excellent people from outside ~~and had had to give them the market share~~ at the market really salary. If we looked at the salary of those people who had come to The University of Akron directly at the professorial rank, their average salary was $103,696, and those who had gone through the ranks at The University of Akron, the average salary was ~~had~~ $66,874 ~~salary~~. So something needed to be done for us who had gone through the ranks at The University of Akron. ~~Of the remainder of the money, we wanted to look at this $300-350,000 and how we should address it, and that was what the task force was working on.~~ The remainder amount $300 - $350,000 will address the problem of salary compression within the ranks of Professors. on the tape

The tentative plan was as follows: That the task force would identify the disciplines for the market adjustment. Then we were going to look at the compression issue. At the same time we had an outside consultant who was looking at the salaries for The University of Akron and ~~said~~ there was no significant difference as far as salary with respect to gender and race. He ~~was~~ in the process of identifying some low outliers as well as the high outliers. ~~Again, they told him we would not do anything to the high outliers, but we needed to fix~~ the low outliers. He ~~gave us~~ some outliers for the 99 data; however, because some people had retired, we were seeking advice to get outliers for the most current data. As of yesterday he had not seen that report, but soon he was hoping it would come so we could incorporate that also for this compression study. Task force will provide the recommendation ~~So we would give that information~~ to the Provost, and the Provost could work with the deans' offices and the chairs' offices and we would move from there. Based on the data that we had this was the best we could do. We would learn from this and hopefully in the second cycle would seek your input and advice and use the mistakes we had made to try to improve the process.

all on tape

Parliamentarian Gerlach then asked whether Professor Midha could do anything for people who had retired. Dr. Midha replied that he could not do anything for those who had retired.

Secretary Kennedy stated that it sounded as if Dr. Midha had already done the calculations. How did Dr. Midha work the calculations for the C&T College?

Dr. Midha replied that the data given to us at the benchmark schools had not included the C&T, the Wayne campus or the library. Information was given to us by the organization CUPA, which stood for College & University Personnel Administration. This organization had collected data only for the 4-year organizations, and C&T did not belong to that. Library data was not included because they tracked data at schools where there was library science discipline, and we did not have that. Meanwhile, Dean Beisel had sent him information that we would be looking at.

Secretary Kennedy asked whether that would then be included. Dr. Midha replied that yes, they would try to include as many groups as possible based on the data provided. Our goal was not to exclude anybody, but if you looked at the disciplines, not everybody was going to be included. However, if you looked at pages 5 and 6 and 11 and 12, everybody was in red, so eventually we would get to all the disciplines and it would bring our overall average up.

Senator Hebert then had a question. He knew that Dr. Midha was a statistician and he knew that talking about averages was one thing, but what about the details? Could he tell us anything about what was actually going to happen when you looked at the numbers, and who was going to be deciding who got what? He mentioned that the management department was not getting anything.

Dr. Midha replied that we would be identifying the disciplines and would use the management department as an example - looking at full professors considering the market reality; suppose we had to add $20,000. So give that $20,000 to the management department. Now it was up to the dean and the chair of the management department to determine how they were going to distribute that $20,000 among full professors. If in Senator Hebert's ~~department~~ someone had come from outside during the last 5 years and had negotiated ~~their~~ salary, then in his judgment they did not deserve any adjustment, but his job was only to identify the discipline, and he asked that he not be held responsible for the distribution.

Senator Hebert stated that he had asked the question because as a result of the distribution, you could end up with more disparity with no rules.

Dr. Midha answered that the team would like to provide some checks and balances.

Senator Harp then stated that he realized that over the 4 or 5 year phasing period these averages changed, but given the numbers Dr. Midha presented today, how much would he estimate the total dollar amount necessary to address all of these problems?

Dr. Midha replied that he had ~~talked~~ explained to ~~somebody~~ Budget & Planning Committee about how we got to $1.2 million to start with. If Senator Harp recalled, at one of the presentations President Proenza had shown graphs and information circulating on campus which compared average salaries in the state of Ohio. For one reason or another The University of Akron's professorial salaries were ranked 9 out of 10 for the year 2000-2001. To determine how much more would be needed here the President calculated that if we had another $750,000, we could go from 9 to 5. But remember, we were mixing our 2001-2002 data with others' 2000-2001 because we did not have data from other schools for the year 2000-2001. To answer the question then, the President had mentioned that the goal was to eventually be at the 75th percentile. As of today, if the situation did not deteriorate further and we continued to receive 3-4% raises and other schools were receiving that also, his guess at this time was that we would need $5 million for the adjustment on top of the raise we were getting. That ~~was~~ is why we would need ~~3~~ 4 or ~~4~~ 5 year~~s~~ to fix this problem.

On tape

3 or 4 on tape

The President continued his remarks at this time.

"Mr. Chairman, I'll make the balance of my report fairly brief. Obviously, colleagues, this is a very good step that we're beginning to have the data with which to address the issues, and as you can see, it is not a trivial exercise and I invite you to visit with the task force, ask questions and learn the details. I will ask the task force to work with the Senate in devising a recommended process and procedures, and several of you have already sent some very good recommendations about how we can try to create a very objective process.

Now go back in time a little - we started looking at the position of The University of Akron's salaries against peer institutions, against the market, shortly after I came - first with staff. In the area of staff there is a company that actually does these analyses professionally. We began the process, we made the Mercer adjustments, as you recall; we had a process that was followed. That process will now go into a continuing mode just as this process will be initiated, moved through a period of time of implementation, and then go into a maintenance mode where we will need to continue to collect this data, see what is happening to the disciplines at other peer institutions, and be committed then to maintaining the relative position of The University of Akron against peers at approximately the 75th percentile.

So what we all need to do is recognize that it will take us a period of time to get there, recognize that we may make some mistakes along the way which we'll need to correct, and move forward. So your input will be not only necessary, but necessary, to be redundant. So we finally have that data, and I will also ask the task force as we move forward to assist us in other compensation-related issues such as policies related to maternity leave, spousal hiring, and several other matters where we've been making some progress. But we need to move a little faster.

By the way, Professor Midha did not fully indicate that that money will be available July 1. It is my hope that the process for the allocation of those dollars will be available very shortly, but clearly there is no way I can get that to the Board at their next meeting. But perhaps it might be ready for their June meeting or for the August meeting. In any case, it will be available effective July 1 for that pool of money, with all due caveats to what July 1 means in the fiscal year process.

Now in addition to the $1.2 million to address these issues we've just described - compression and equity outliers - the PBC's proposed budget continues to contain a proposed salary raise pool of 4% and no additional employee contributions for health care, pending the recommendations that the Faculty Well-Being Committee will make for us to address those issues as we go forward into the next year, and in negotiating a new contract with appropriate health care insurance providers. I intend to endorse the budget proposals that are coming forward to the Board of Trustees at its April meeting.

I further understand that the Academic Policies & Calendar Committee may be coming forward with a recommendation to the Senate for a portion of the raise pool to be designated as an across-the-board increase for full-time faculty, staff, and contract professionals. As I've said before, I'm prepared to consider a modest proposal in this regard, but obviously, such a recommendation will first need your additional review and discussion. As we put this plan in place, let me emphasize that staff salaries will continue to be adjusted to market and once this plan is fully implemented - compression and equity and moving to the 75th percentile - we will need to be committed to continuing then to adjust our salary scales as appropriate to the changing conditions of the market and our peers.

Now, caveats abound. Please remember that any budget recommendation is just that - a plan based on the best available information. In the case of these matters, we may make some mistakes which we'll need to be committed to correcting. Obviously, should budget conditions change that make us have to adjust our budget upwards or downwards, we will have to deal with those realities. As I mentioned to your Executive Committee, as of last week the Governor personally said to me that he did not expect any further cuts to higher education. The same pledge was made by Senator Coughlin. That same statement appears in the Governor's budget statement issued this morning, and I will quote the first of three. The state is placing an additional revenue shortfall, and they're going to have to deal with it in a number of ways. Here's what the Governor says: 'I oppose further budget cuts in state aid to schools for higher education.' That's what the Governor's position is; obviously, the legislature also has to deal with that. I trust that what they said by word and what they've stated today will continue, but please be aware, as last fall we got caught by surprise. That could happen, and ladies and gentlemen, I cannot guarantee that it will not happen and neither can anyone else guarantee that for you. Now I'd like to thank the PBC and the Senate Executive Committee for their fine and strong efforts in these matters and we'll continue to work.

Finally, in regard to other issues, we're already working with many individual faculty and I've met with many of you in this room individually, as well as with groups, to enhance the processes for faculty involvement and for the involvement of the special committees of the Senate. For example, I've charted a chairs' working group on information technology, which is meeting with me, Ms. Herrnstein, and Vice President Gaylord to improve communications and solve the current problems relating to some aspects of information technology. The members of that task force are Professor Midha, Professor Stinner, Professor Kruse, Professor Franks, and David Perry, who has been very active in resolving some issues, Professor Cheung, Professor Norfolk, and Christina De Paul, who as you know regrettably is going to be going to the Corcoran Gallery. That's a great honor for her, a great loss for us. In addition, the Provost and I will be meeting regularly with chairs and will meet with combined chairs and deans, as appropriate.

Then I will be meeting with the Faculty Senate Executive Committee to improve communication and cooperation and the very processes that you've identified, and we began

that process, as your Secretary informed you. At our next meeting we hope to begin to draw upon some special expertise; for example, that of Professor John Green, who was here when earlier structures were in place, and when the current charter for the Senate was put into rule form, and can help us devise some of the processes we have found wanting.

Let me close then with these thoughts, ladies and gentlemen - faculty and staff engagement and indeed engagement from our students is vital in the processes of determining recommendations and decisions at the University. We need to be consistent in going forward to develop a culture of full and open communication. In this regard, I would say that I've heard from these discussions about some who regrettably don't pass on information or who don't do so with accurate information. Obviously, we need to improve on the transfer of information.

Secondly, I've also heard from some of you about individuals who choose to broker information rather than sharing it openly. That is not appropriate; that is not acceptable; we need a culture of full and open communication. Improvement is possible, and improvement is imperative. History has taught us that good policy develops by trial and error, and we need to be committed to the incremental approximation that a solid, continuous quality improvement process can bring forth. Moreover, the solid use of process mapping tools and other technologies can help to support process deliberations as well as the implementation of policy, and we need to make those available to ourselves.

We certainly have been listening, and we're beginning to act on these items. We need to listen more, and to act upon what we hear collectively. Thank you, and I welcome your questions."

Senator Qammar asked about the task force the President had noted in terms of his meeting with the IT issue, and whether he also had perhaps a staff person there? Oftentimes, staff were the ones who were having a great deal of difficulty with the interaction, and she also wondered whether there was a plan to put a student there?

President Proenza replied that we have a separate group with students that we could draw from, and we certainly could add a staff person; this was just a beginning point. Professor Cheung was serving, as well as your colleague, Senator Norfolk, but we would begin the process and identify some of the issues and bring others as appropriate.

Senator Qammar then asked whether that could be somebody from SEAC? President Proenza replied yes, a very good suggestion.

Secretary Kennedy then had a question that perhaps might be better directed to Dr. Midha. She wanted to make sure she understood this regarding the compression issues and the formulas that Dr. Midha had been raising. Since he did not have any data available for the library and the C&T, he did plan on having that before July 1, correct? Dr. Midha replied

yes. Secretary Kennedy continued by stating that otherwise, the C&T, library, etc., would miss out on the allocation.

President Proenza then stated that first, as the Provost and Dr. Midha had said, nobody was going to lose any money. Secondly, we needed to develop an objective and realistic data base process to move forward, and we would move forward as soon as data is available. We had these data; the others were forthcoming. He trusted they would be available simultaneously. If not, money would be set aside for that purpose, but you might have to wait an extra month.

Dr. Midha then commented on the data ~~we're showing~~ for The University of Akron by saying that ~~and definitely~~ everybody would be included ~~by the~~ for the compression study. Senator Franks was in touch with him constantly about what benchmarks we should look for. ~~so we were not going to exclude anybody~~. As far as library faculty is concerned, and as such we don't plan to exclude any discipline.

REMARKS OF THE PROVOST - Chair Sheffer invited the Provost to address the body.

"I'll be very brief because you have a number of items to discuss today. I really just want to extend an invitation to you to a couple of events. Tomorrow starting at 10:30 and going until 11:45 in the Summit Lounge of the Gardner Student Center we have Dr. Barbara Cambridge, who is the Director of the Carnegie Foundation's National Teaching Academy Campus Program, and VP for Programs of the American Association of Higher Education. Barbara Cambridge is the Carnegie Teaching Academy's key person. The title of her talk will be 'Campuses in Action - Structures, Policies and Practices that Foster the Scholarship of Teaching and Learning.' I certainly invite you to attend that, and I believe Tom Angelo has sent emails out to all of you, but this is just to remind you.

Then on Friday, April 19, we're celebrating excellence in teaching and learning at The University of Akron, and between 8:30 a.m. and 4:00 p.m. in the Gardner Student Center there will be a variety of events and activities, including student-led sessions. A keynote speaker for that event is Dr. Mary Ellen Weimer, and her topic is 'Learner Centered Teaching- 5 Key Changes to Practice.' So I invite you and encourage you to attend as many of those events as you would like. I'd be happy now to take questions."

Senator Hebert had a general question, but wondered how important the Provost thought the Faculty Manual was in the actual running of the University, and how important it was for chairs and deans to actually adhere to the rules that were set forth in that manual?

Provost Hickey replied that he was fairly confident there was a real question embedded in that question. Maybe it would be better if Senator Hebert asked him that question; he might have a better idea how to answer.

Senator Hebert then asked what the Provost would suggest to the faculty if they pointed out to chairs and deans that they were not adhering to those and they continued not adhering to the Faculty Manual - should faculty bring that to his attention?

Provost Hickey replied that he thought there was a process within the institution to deal with this, but if he wanted to bring it to his attention, he would be happy to make sure it was inserted into the proper review process so that it got the attention it deserved. This would not be the first thing that has been brought to his attention through an email message.

ACADEMIC POLICIES AND CALENDAR COMMITTEE - Reporting for Associate Provost Nancy Stokes, Senator Qammar stated that she had distributed the recommendation from APCC on the discussion on the across-the-board salary increase **(Appendix C)**. APCC had met a few times since the last Senate meeting. We had been primarily working on this issue of switching over from a merit only type of salary pool, which was our current status. There were really three elements we had within this proposed recommendation. The first one was the formula to describe the difference between the across-the-board portion and the merit portion. The second portion which we felt was very important was for those people who year in and year out really did not satisfactorily perform their assigned duties, and that an across-the-board portion really was not beneficial to the University to continue to reward such people. So we had a caveat in there that there was a way in which those people would not be rewarded if their performance was unsatisfactory. Then the last element was what we considered to be the definition of meritorious. If you had an across-the-board element, then what was merit? The first portion was an across-the-board component which would be a 2% raise or 40% of the raise pool, whichever was higher. So the 40% element doesn't kick in until you had at least a 5% raise pool. The second portion was that people who did not have satisfactory performance as defined by the academic unit might not be eligible for this across-the-board portion. That was an element of the annual review that faculty and staff went through, and that merit was awarded for work above and beyond satisfactory performance. Essentially, if you were satisfactory across-the-board, if you did things beyond the acceptable limit, then all those people should be considered for a portion of the merit. This was voted on in APCC and there was one abstention to this vote; otherwise, everyone else voted for it.

Senator Jordan then asked whether, when Senator Qammar had said a faculty member "may" not be eligible - she meant "shall" not be eligible? In other words, was it discretionary that it could be denied them?

Senator Qammar stated that the committee had argued this point and we agreed it should be "may," but it would be up to the discretion of the chair and the dean within the unit who decided. We did not want to tie the hands of a chair or dean who, when you said "shall not," would not be eligible for any of the 2% - they would get zero.

Senator Steiner then asked, when talking about the academic unit, whether this talking

about the unit that currently made those recommendations at this time was at a department level where there were departments, or otherwise?

Senator Qammar replied that the committee had left that up to the discretion of where a faculty member's merit raise was decided.

Senator Graham then asked that since Senator Qammar had said 2% raise or 40% of the raise pool, whichever was higher, was he reading that correctly then by concluding that in a year in which there was only a 2% raise pool, it would be entirely across-the-board? Senator Qammar replied that that was correct.

Senator Harp stated that this did not affect his department because there was no one at present who would not meet the 2%, and also no one with a salary that was higher than the norm. But if you took a department, given the compression issues we had been talking about, and you had a high earner who was well above the norm and who was performing satisfactorily, but then you also had somebody who was going gangbusters and we had 2 or 3 years at 2% because inflation had dropped less, we were locked into a situation where there was skating at the higher levels and we were not rewarding people to go the extra mile at the lower levels.

Senator Qammar replied that she would agree with Senator Harp, that that was a correct interpretation. She thought one of the things that APCC looked at was the complete distribution of pay raises last year by different categories - faculty, staff, contract professionals, and we looked at the distributions on percentages. One of the things we found was with a 3% pay raise being the pool, that about 15% of faculty and staff were below 2%. If the cost of living was also 2%, it meant that 15% of the people who worked here really considered that we wanted to give them less buying power, which could only be interpreted as somewhat unsatisfactory - giving less buying power because someone was really not doing his/her duties. That was really the primary problem that the committee was trying to address. The committee did talk about a potential model that could address a portion being for equity, something assigned to a compression element at market value, and the other side of it being a performance. But instead the committee decided that we really did not have 15% of the people on this campus under-performing in an unacceptable way, and they ought to at least have something that kept up with the cost of living or expenses. She hoped that answered his question.

Senator Harp replied that, yes, historically it has been a problem with the size of pools. Senator Qammar agreed that it was a problem, and when you did the across-the-board portion, you did leave less for any meritorious type of award. President Proenza then spoke.

"I'll just make four observations for your consideration. As you notice with the discussion that Professor Midha came forward with, any aspect to really judiciously address all of the issues of compensation is to say the least, very complex.

So please note the following: First, as we look at the data from which supervisors apply merit raises, defacto very few people get less than some number, so defacto the institution is applying an across-the-board statement in making these judgments. Secondly, please note that actual raise pools, that is the actual end result in compensation, have generally always been larger than the allocated raise pools. In other words, if we budget as a university 3%, because directors, deans, chairs, etc., have the discretion to address other problems with other dollars, defacto every time the raise pool has been greater than the announced raise pool or the budgeted raise pool. Thirdly, all of you understand this conundrum of the department that has people that are already performing very well - what do you do to address that? This may require some other considerations that perhaps we could learn from the work of the task force. Finally, do recall that the cost data that Vice President Nettling reviewed with you earlier in the year shows that we have been ahead of the cost of living issue, and cost of living and across-the-board are two different aspects. One does not necessarily address the other, or vice versa."

Senator Schmith then asked whether this ATB would apply also to staff and contract professionals. Senator Qammar replied that that was the intent. It was not necessarily also extended to part-time faculty. She asked Dr. Midha whether that was correct, and he replied that he thought so. Senator Qammar then added that she did not think it included part-time, assistantships, and things like that.

Senator Stinner commented that he was a little surprised by this. He had been a chair for 9 years, so he had looked at a lot of salaries, and 2% was a whopping number. He thought frequently our departments only got a 3% raise pool, and maybe 15% of the people got slightly less than 2%. In his department they certainly did not give anybody zero or half of a percent, but they did have a big problem with morale. We had faculty who had million dollar grants, and now to say that we were going to give everybody 2% and then we were going to divide up this other 1%, he thought it was going to be terribly demoralizing, and he did not understand that.

Senator Sakezles stated that what she found curious about this was that this was pretty much the policy in her department. Then last year when we went through our changes in the Faculty Manual, we were coming in to make all raises merit raises. She had spent four months as acting chair going through the Faculty Manual changing it to merit raises, and she thought it really should be left up to the department; it should have been left to the department level originally so that we could all treat our situations the way we deemed fair.

Senator Sterns then added that many departments had gone to considerable lengths to develop all kinds of evaluation point systems and other aspects, which took into account all the issues we had talked about. One of the biggest problems had been that you could have high producing individuals who got very minimal increases. So he thought we had to be very careful, and he thought the point Senator Stinner was making was a good one.

The Chair called for additional comments. None forthcoming, he stated that he had been asked that this vote be taken as a paper ballot. If a Senator voted yes, it meant he/she approved this resolution; a no vote meant he/she disapproved.

Senator Kendra and Senator Drew acted as clerks and counted the ballots.

CAMPUS FACILITIES PLANNING COMMITTEE - Senator Sterns began his report **(Appendix D)** by stating that he had one major resolution that he would like to propose today, however he wanted all to prepare for next month because we had many, many moves that would have to be approved at our next meeting - 50 to 100 different individual moves, and we would try to find a way to do that efficiently. The resolution today concerned a rather simple thing that the **Faculty Senate accept reassignment request 1200-141 allocating Carroll Hall 320 A,C, and D from the Geography Department to Computer Based Testing, after Geography moves to the new Arts and Sciences Building.**

Chair Sheffer called for discussion.

Senator Sterns stated that these were three small offices that would allow for individual testing. It was very compatible with the area and this was space that was going to become vacant as a result of the move, so it was a very reasonable request. The Campus Facilities Planning Committee recommended it unanimously.

The Senate then voted its approval of the resolution.

Senator Sterns added that he would like to take the Senate's attention for one more moment by looking at the bottom of the page of his report where it said that he would contact Vice President Nettling concerning a very serious issue. Our committee had dealt with the issue of moves, and how they were paid for was something we had addressed before. He remembered cutting his teeth on the move to the Polsky building. One of the most serious things he thought was happening was that it had come to our attention as we moved into the new Arts & Sciences building and many of the other moves that would go with that, that the intention was to charge departments directly for the move. Now our committee had gone down this path before and we had had lots of discussion many years ago that this was not a fair approach at all and many departments' moving costs were bigger than their annual budgets. So he thought this placed us in a very serious position. His job again, as he pointed out each time he appeared before the Senate, was to cause new and different problems, and this was a very serious one. He did not know whether he was being fair by raising it, but he knew the committee was greatly concerned about this. He did not mean to re-discuss or pre-decide, but he was told and the committee felt that at this point we did not know where the money for any of these moves was going to come from.

Chair Sheffer then stated he had a report now on the ballot on the APCC. The vote was 20 votes yes; 21 votes no, so the resolution did not pass. The Planning & Budgeting

Committee report was going to be part of new business for consideration of the budget proposals for the fiscal year 2002-2003. The body indicated there were no further reports from any of the committees.

V. UNFINISHED BUSINESS - None

VI. NEW BUSINESS - Senator Franks began his report. There was only one item other than budget development that PBC dealt with between the March meeting and now, and that was Dr. Midha's presentation which he gave you a brief summary of today. At the May meeting or the special meeting we would give you the full-blown presentation with Power Point and so forth. You had before you several pieces of information including the motion from the PBC to recommend the committee's proposal. The committee met during spring break and passed this budget proposal by a vote of 9 for, 0 against, and 1 abstention **(Appendix E).**

The committee was prepared to address any and all questions that Senators might have. Before we began that discussion, however, he felt it very necessary to give some background information on the tuition situation statewide. You probably had heard this before but the state presently was facing a $420 million shortfall for the upcoming fiscal year. Beyond that we could be looking at as much as $1.2 billion for the year after that, so the state certainly was in a dire financial situation. In response to that, everyone in the state had either announced a tuition increase or was proposing an increase, and the tuition increase we were proposing was very much in line with what the other institutions were doing. These were the tuition increases that had been announced to date, and as could be seen, what we were proposing to do was exactly what CSU and OU had done. The Ohio State University was given special permission to have a heftier tuition surcharge than we did for all first-time college students. First-time students included transfer students, or new beginning freshmen, anyone who was coming to the institution for the first time. These were the tuition increases that had been proposed and would be acted on in the next few weeks at the other institutions.

Our major competitor, Kent State, had an 8% increase on the table. So we were in line with what was going on elsewhere in the state. Now what would this mean? Bottom line in terms of where we had been and where we would be was, we would jump from 7 to 6 in terms of overall costs for tuition. The last few times we had raised tuition we had remained static on the matter. This would put us just barely ahead of the University of Toledo. But if you looked at who our major competitors were - Kent State, Ohio University, Bowling Green - those three institutions were still ahead of us and Ohio State was not far behind.

The first part of the motion dealt with the compensation issues. There were no questions or comments about item no. 1. Item no. 2 dealt with the continuation of $1.5

million in funding for the research initiative plus a $1 million reallocation to make graduate stipends more competitive. From a request from the Research Committee our response was to put a line item in for $208,000 for faculty research grants. As you might remember, this past year we only had about $64,000 to pass out.

Senator Harp asked whether this would mean that this additional $1 million in graduate stipends would be in lieu of the numbers we had already received for graduate assistantships for next year? Would this be in addition to that because it would be distributed across-the-board to all the colleges?

Provost Hickey replied that it was at the expense of tuition waivers, the reallocation from tuition stand-alone tuition waivers to graduate stipends. Senator Harp then asked whether it would eliminate the stand-alone's. Provost Hickey replied that it would not eliminate all of them but was a portion of the stand-alone. It would reduce the number of stand-alone tuition waivers. Senator Harp then asked whether it would be distributed not just to departments that had stand-alone's before but whether it would increase the overall level of graduate stipend financing for graduate assistants.

Provost Hickey replied that it was his understanding, and he wished Vice President Newkome were here, but his understanding was that it created or elevated the money available for the graduate stipends. Now he did not want to suggest that it was across-the-board, because in many ways just as a benchmark comparison was done of salaries, you really had to look at what a competitive stipend was in some areas. In some graduate areas the stipends we now offered were quite competitive. In other areas they were very, very non-competitive. He thought the idea here was to be able to increase stipends in those areas where we were no longer competitive. Senator Harp replied that that was great, because one of our biggest problems at present was that our graduate assistantships were the lowest in the state and we were using endowment monies to compete with our competitors. Provost Hickey replied that stipends were having to be supplemented in a lot of different units in order to be competitive.

Senator Gunn then raised an issue. We had been told that we could increase our stipends by reducing our assistantships. In other words, it really was not increasing, we just had fewer students taking the money and dividing it between fewer. So this was a different thing, and she was concerned about how this would be distributed across the campus.

Provost Hickey replied that he knew Dr. Newkome had stated and he had stated the same thing years ago when he was a graduate dean, that the option always existed to take the pool of money that you had for stipends and divide it by a smaller number and come up with a larger stipend. His sense was that that option certainly existed within the allocations given to various units. This in the way it was presented to the PBC did not result in a net decrease in the number of stipends, but rather, the money was out of stand-alone tuition waivers into this. That did not preclude, and again he would encourage you before you did this to touch base with Dr. Newkome, but it certainly did not preclude your taking the amount of money

you had and allocating a smaller number of stipends but making them more competitive stipends. Senator Gunn replied that she understood, but she wondered whether it was targeted just to sciences. Provost Hickey replied that, no, it was his understanding that it was in areas where the competitiveness of the stipends was well below what it took to recruit top-quality graduates.

Senator Franks then continued with item no. 3. This was $563,000 budgeted to new building operations and new maintenance, mostly to the new Arts & Sciences building. This was money that had to be there in order for them to maintain this new building - janitorial services, and so forth.

Senator Erickson stated that she understood the notion of new buildings needing maintenance and operations. This had always disturbed her, and she wanted to make sure PBC was aware of additional expenses that would be incurred as buildings were finished, as these were not minor expenses.

Senator Franks replied that actually we first saw a figure for this in January for this year's budget, and he believed the figure was more like $1.5 million. PBC had scrutinized this figure a great deal, and the budget office did a little more research and came up with a more realistic figure.

Senator Erickson then added that it would seem to her that as part of the planning for the new building, bringing this building on line and estimating maintenance and utility expenses should be part of long-term planning for PBC, and questioned whether there was any reduction because you were going to take Leigh Hall off line for a month? It seemed that with the kind of utility changes and maintenance changes the whole building program was going to incur, it would be important to know in advance to make sure that the cost of maintenance was also included. The same would be true for privately funded buildings.

Senator Franks wished to ask Mr. Nettling to respond. The body gave Mr. Nettling permission to speak.

Mr. Nettling stated that the numbers that made up the $563,000 were based upon estimated square footage from Vice President Curtis. If the buildings were going to be much more efficient, there was also the possibility that it might not take 563 when the year was done, but these were the averages that the architects had come up with. And yes, there was a proportion of some money that was going to be less because the buildings were going down. So this was the net square footage that we would be taking on. He noticed there was a mention of privately-funded buildings - typically, those would be dormitories and so on, and they paid for themselves. So that would not be part of this budget.

Senator Erickson also asked about the new athletic facility, the field house which was going to be funded from outside funds. There would be the maintenance and the utilities here

also, and it would seem to her that that was a very important question especially since it was large pieces of space.

Mr. Nettling replied that that would be looked at and would be part of the budget making process when those buildings start to come on line.

Provost Hickey added, and asked Mr. Nettling to correct him if he were wrong, but the 563 was not just Arts & Sciences. Part of this would be for a reduction in revenue in the student center. As one part of the new student center came on line and the other building got torn down because of the design, a number of the revenue-generating operations in the student center would not be there until the second phase was finished. So we had to cover some additional portions of operating costs of the student center. If he remembered right, a portion of that 563 went for that.

Senator John then asked what that number was, that temporary subsidy for the student union. Senator Franks replied that in the assumptions it was $628,000. Senator Erickson asked whether that was only a one-time. Senator Franks replied that it was during the transition of the student center being built, and Senator Erickson asked whether that were for the next year as well. Senator Franks answered that is was for least two years, but this was for this year only. His understanding was that if we wanted to do the subsidy again next year, then the PBC next year would have to recommend this again. Senator Erickson asked whether there would be less business in the student center when we moved into the new building?

Provost Hickey replied that this was space allocated for businesses that would actually rent space and generate revenue with more of this space in phase 2 of the student union than there was in phase 1. It would be until such time as revenue-generating space was occupied again. So that would be the construction time of phase 2 of the student union.

Senator Franks continued with item no. 4. What we were talking about here was the new server - $300,000, and 1.4 million for increase licensing costs that already were anticipated. These were costs we could not avoid. The new server was actually a server that was here and we had been using it for some time. We now had to purchase it - $900,000 of the 1.7 million in the assumption was for increased licensing for third-party software we already had. Then the remaining $500,000 was for the software for the new server, and that again was a third-party licensing fee. So in essence, unless we wanted to bring all of our systems to a screeching halt, these were essentially fixed costs.

Senator Erickson stated that she understood the issue about fixed costs; it was what she taught her students. If you looked at the actual budget, it was the reason the IT budget went up by 20% - 1.7 million was a 20% increase; she had done the calculation. So it seemed to her that, unfortunately, fixed costs at some point were not fixed. At some point they were part of planning, and then once they were planned for and decided on that was the situation.

We had been in this situation before and maybe this was a continuing result of an initial situation that should never have occurred. But she would not want to be in the Senate this time next year hearing again that all of these things including the server, etc., were fixed costs. How long were we going to have to live with these past decisions, and when would they not happen again that way? She was not suggesting that PBC do that now, because we could not grind things to a halt, but she was extraordinarily concerned because it was so easy for things to overlap the fixed cost. She wanted to make sure that PBC had processes in place and that it would not continue to occur that way.

Senator Franks replied that the committee had not just taken Dr. Gaylord's word for this; we asked Mike Cheung to come and talk to us also. He would have been here today except he had a sudden death in the family and was on his way to Georgia. Dr. Cheung told him that CCTC understood this issue and that CCTC would support this budget. As far as the concept of not letting this happen again next year, he did not think anybody could guarantee that. We were at the mercy of software companies and when they wanted to raise, they would.

Senator Graham then stated that it struck him as unsatisfactory to have an increase in one particular department that was so large compared to flat budgetary figures, with many other departments having very small increases or even cuts, and then be told that the money was already spent or at least committed. He would be concerned about what the process was in committing that money and to what extent the PBC or other relevant bodies were involved in determining how those decisions were made and how that money was spent.

Senator Franks replied that he did not know whether the PBC was involved in that. What we had was a commitment to certain software products that we needed certain hardware to run. They were in place; it was almost like electricity at this point. We saw the figure in early February and we got as much information as we could, and here it was on our recommendations.

Senator Graham then stated that we had commitments to books and periodicals as well, but we cut those when it seemed there was no money for them. And he guessed he did not understand why this was a special category.

Senator Norfolk stated that the $350,000 was committed to pay for software. The physical installation was in place; this was a multi-process. If you shut if off and we had been using it, you were shutting down most of what services the University - registration, all of those things through those processes. The other 1.4 million was also to pay for the licensing fees for the third-party software we could not get anywhere else. He admitted that he did not like dumping tons of money into it, but if we wanted to run as a 21st century university, we had to pay it. We were committed to this particular product right now. That $350,000 was a one-time cost to turn that server on. The other licensing fees were ongoing, but he was not sure how they increased each year. He did not think it would be that much

per year, but those were licensing fees, and you would have to check with Vice President Gaylord on that matter.

Senator Steiner then stated that he wanted to agree with what Senator Norfolk had said. As a member of CCTC, our committee was consulted on that and we reviewed information with Dr. Gaylord and approved the recommendation that this be part of the budget and move it on to PBC. Also, although this was a large amount of money for one department, it was not just IT. There were benefits from that, as Dr. Norfolk had said. This was something that every unit at the University used and took advantage of having and it was something we needed to do in order to maintain operations of the University.

Senator Sterns wanted to point out that in the minutes of the CFPC there was a brief mention of an upcoming change in the phone system. He just wanted to say that the phone system revision was a classic example of what we were talking about here. If we were going to change the phone system and move it into a computer-based approach, then the proper planning had to take place now.

Senator Qammar continued with the conversation with why this 1.7 was needed, as she thought it was almost like periodicals at the library. They actually had you at their will, that the enterprise server in this third-party licensing know that they were going to go out of business in fairly short order. New technology and perhaps new web-based software was going to put them out of business, so they were actually grabbing for the money now because they know it was not going to be there in the future.

Senator Hoo Fatt stated that if it made you feel any better, Dr. Gaylord asked for a lot more than that.

Senator Franks then moved on to item no. 5, which had to do with return on investment model (ROI).

Senator Norfolk stated that this was the item we discussed this morning, and that the administration would implement a planning and accountability model. For the people who wanted their history, we passed a recommendation to that effect four years ago that the non-academic areas would also have to provide accountability models.

Senator Graham had a question on no. 5, but it also related to 7. The return on investment model including enrollment productivity; was it true as he had read, that the Law School tuition increase was only going to be 5%? Senator Franks replied, yes.

Senator Graham asked for the reason for that. He knew there were some ROI issues. Why was their tuition increase significantly less than for the rest of the University?

Provost Hickey replied that as Senator Franks had just talked about the relative position of the University as a whole in terms of other institutions, if we were going to go up 9.9% we would still be in the middle of the pack. That was not true of the Law School. The Law School tuition was already quite high, and to go up more than 5% would put the Law School in a category that would probably be detrimental to its enrollment. We would be getting more money from a smaller number of people and at the end could actually lose money as a result of going higher than that. So it was the relative market position of the Law School versus the relative position of The University of Akron as a whole versus other universities.

Senator Hoo Fatt then asked whether anyone had seen quality measures for the other half of the ROI. Provost Hickey replied that the PBC was still working on that. Senator Hoo Fatt then stated that they said it would be applied, and we did not know what it looked like.

Senator Franks replied that the PBC had asked the deans for quality measures from all the colleges and we had those. We just needed to sit down and review them and make sure there were no objections, and it would take a few more months.

Senator Hoo Fatt asked when this would all start. Provost Hickey replied that it would start at the beginning of the new fiscal year. But the allocations that were based on quality measure could in effect be held in escrow until those quality measures had gone through the PBC and come before the Senate. If that meant it could not occur until fall semester, then that was what it meant.

Senator Steiner stated that in item 5 you were talking about applying an ROI model. Was this phased-in approach being presented to the Senate?

Senator Franks replied, yes, but it would be phased in over 5 years.

Senator Qammar then had a question to follow up on what Senator Hoo Fatt had said. Here was something PBC was recommending, and we as Faculty Senate were going to vote on and approve, yet it was not finished yet. She was not sure Faculty Senate should vote on something until PBC was really done with it, because then it was out of our hands.

Chair Sheffer then reminded Senators that we must be out of this meeting room very soon, so he was going to ask that the meeting be adjourned and that we meet again one week from today. Before we adjourned, he would like to move to the good of the order and ask the Senate's indulgence for the Parliamentarian's speaking to us about an item that might help us.

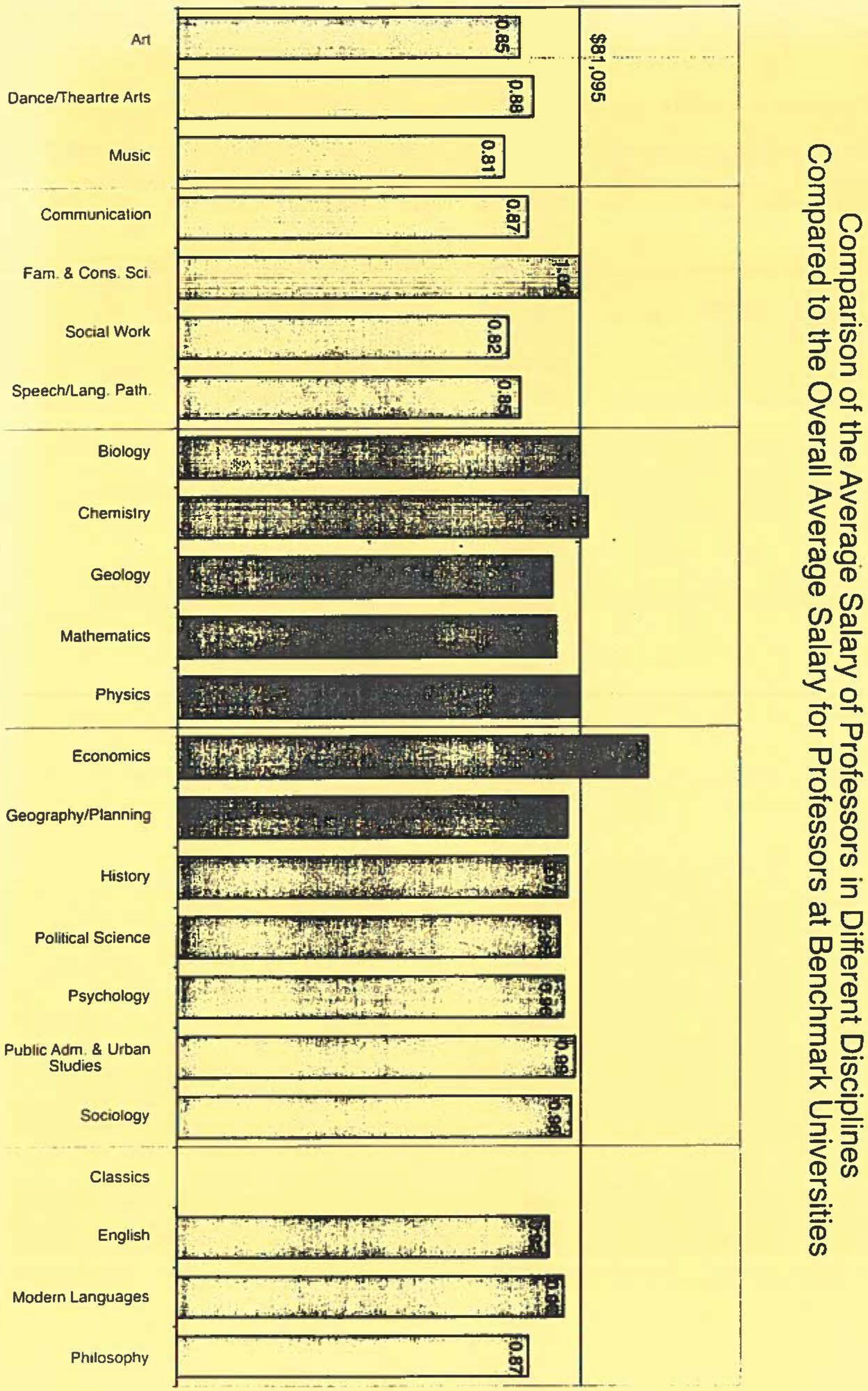
Parliamentarian Gerlach stated that his comment was a procedural point, and he just discovered it as he was ruminating. You agreed that a ballot vote would be taken as requested by one Senator. There was no provision in your rules for that. What was provided

was, "A roll call vote will be conducted if requested by any Senator." So in the future he suggested that if you wanted a ballot, that you present a motion to have a ballot and that motion be duly passed by a majority of the Senate. This roll call vote, which he would have requested, could put you on record and that could be called by just one Senator.

VII. ADJOURNMENT - A motion was made and seconded to adjourn. The meeting adjourned at 4:42 p.m.

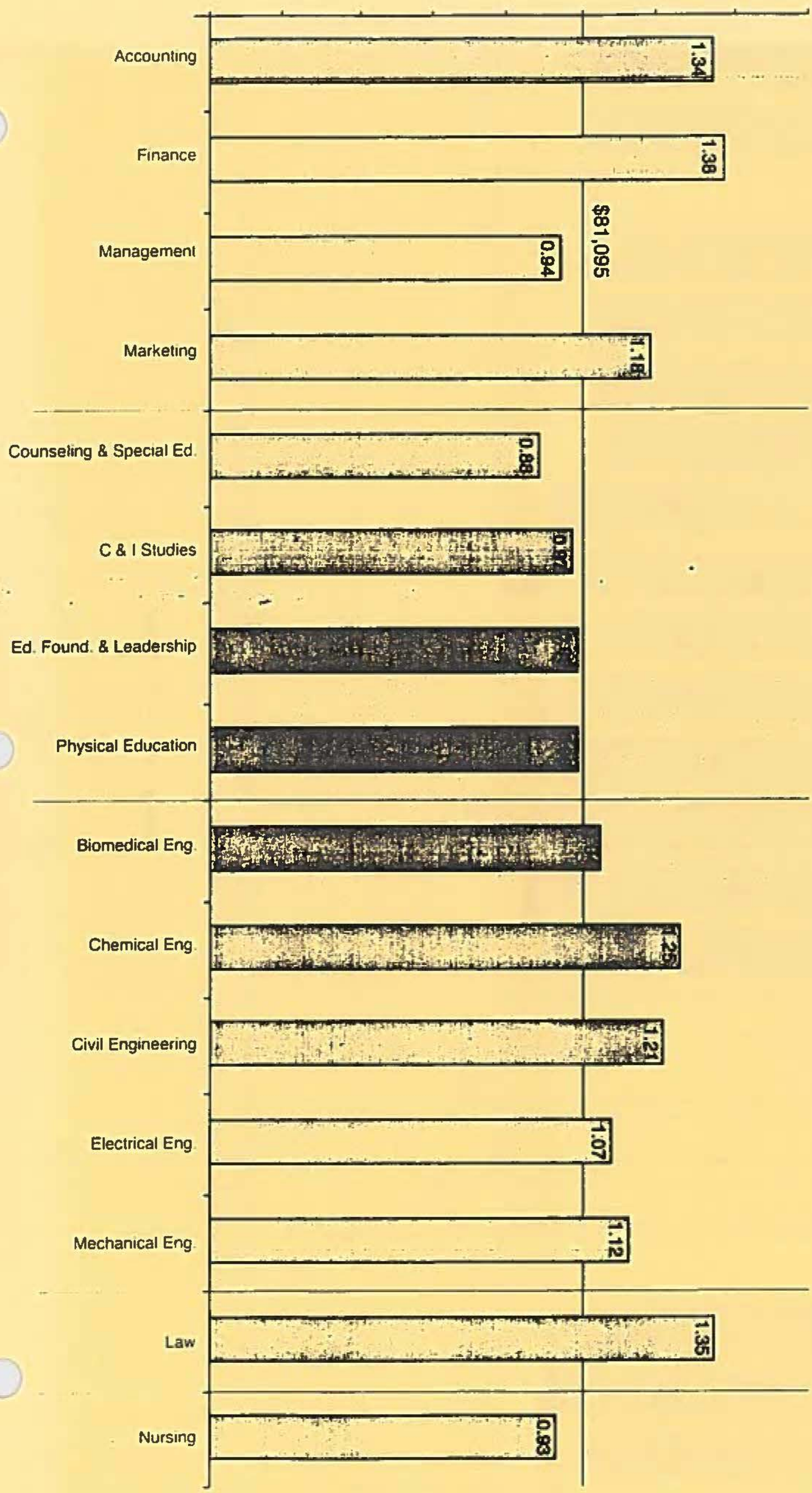
Transcript prepared by Marilyn Quillin

Appendix A

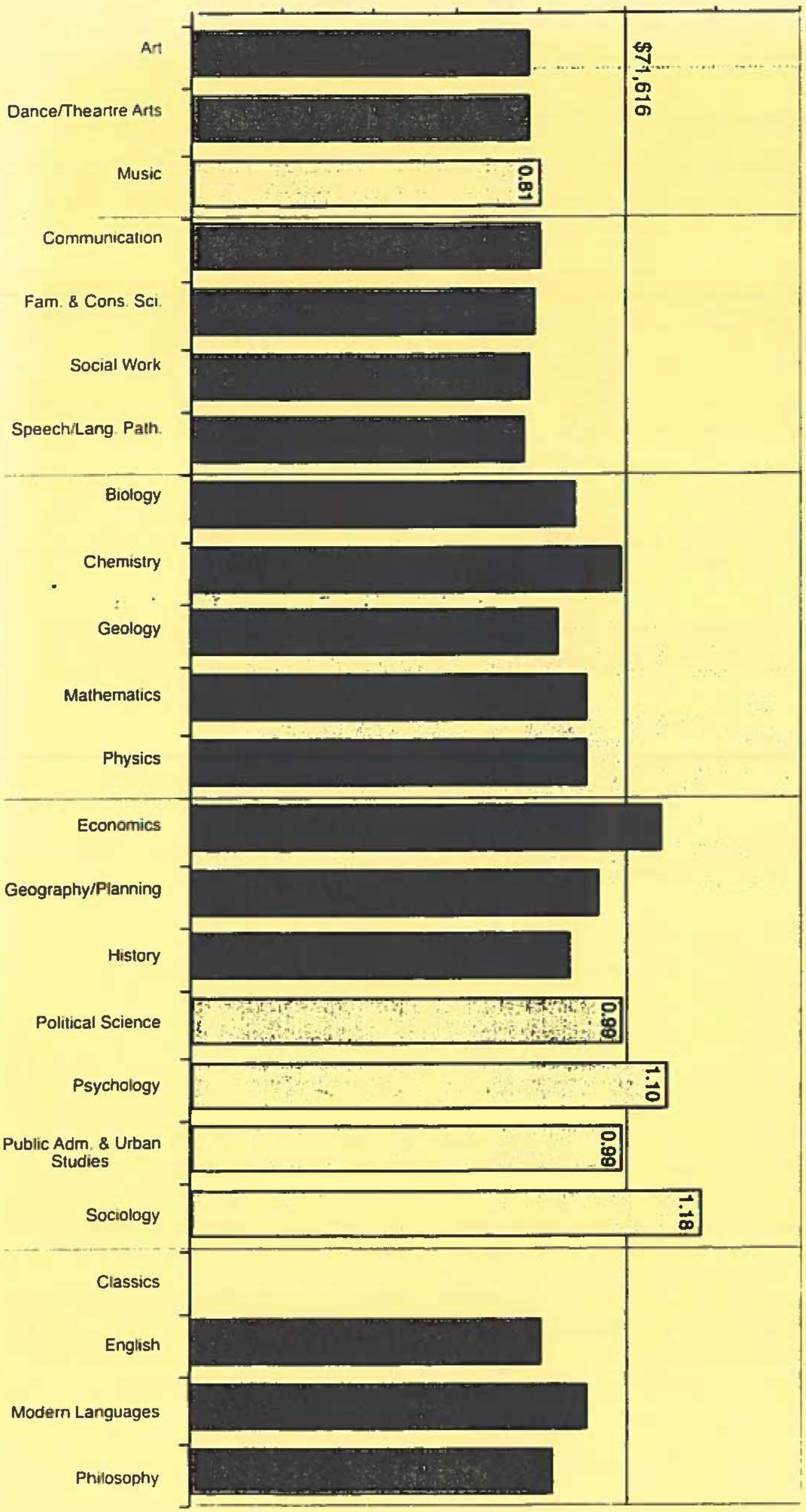


Comparison of the Average Salary of Professors in Different Disciplines
Compared to the Overall Average Salary for Professors at Benchmark Universities
$81,095
Art
0.85
Dance/Theartre Arts
0.88
Music
0.81
Communication
0.87
Fam. & Cons. Sci.
Social Work
0.82
Speech/Lang. Path.
0.85
Biology
Chemistry
Geology
Mathematics
Physics
Economics
Geography/Planning
History
Political Science
Psychology
Public Adm. & Urban Studies
Sociology
Classics
English
Modern Languages
Philosophy
0.87

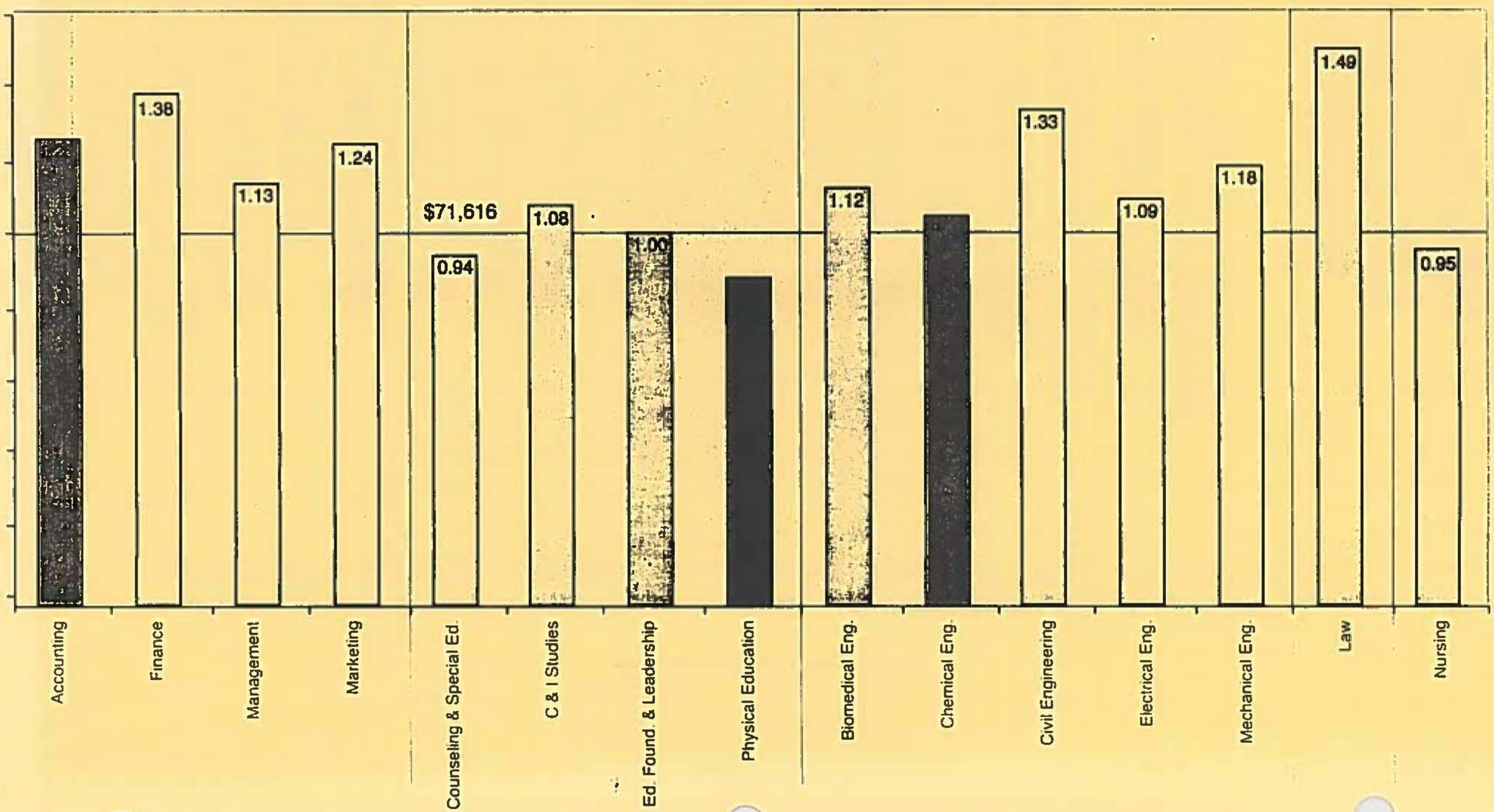
Comparison of the Average Salary of Professors in Different Disciplines
Compared to the Overall Average Salary for Professors at Benchmark Universities



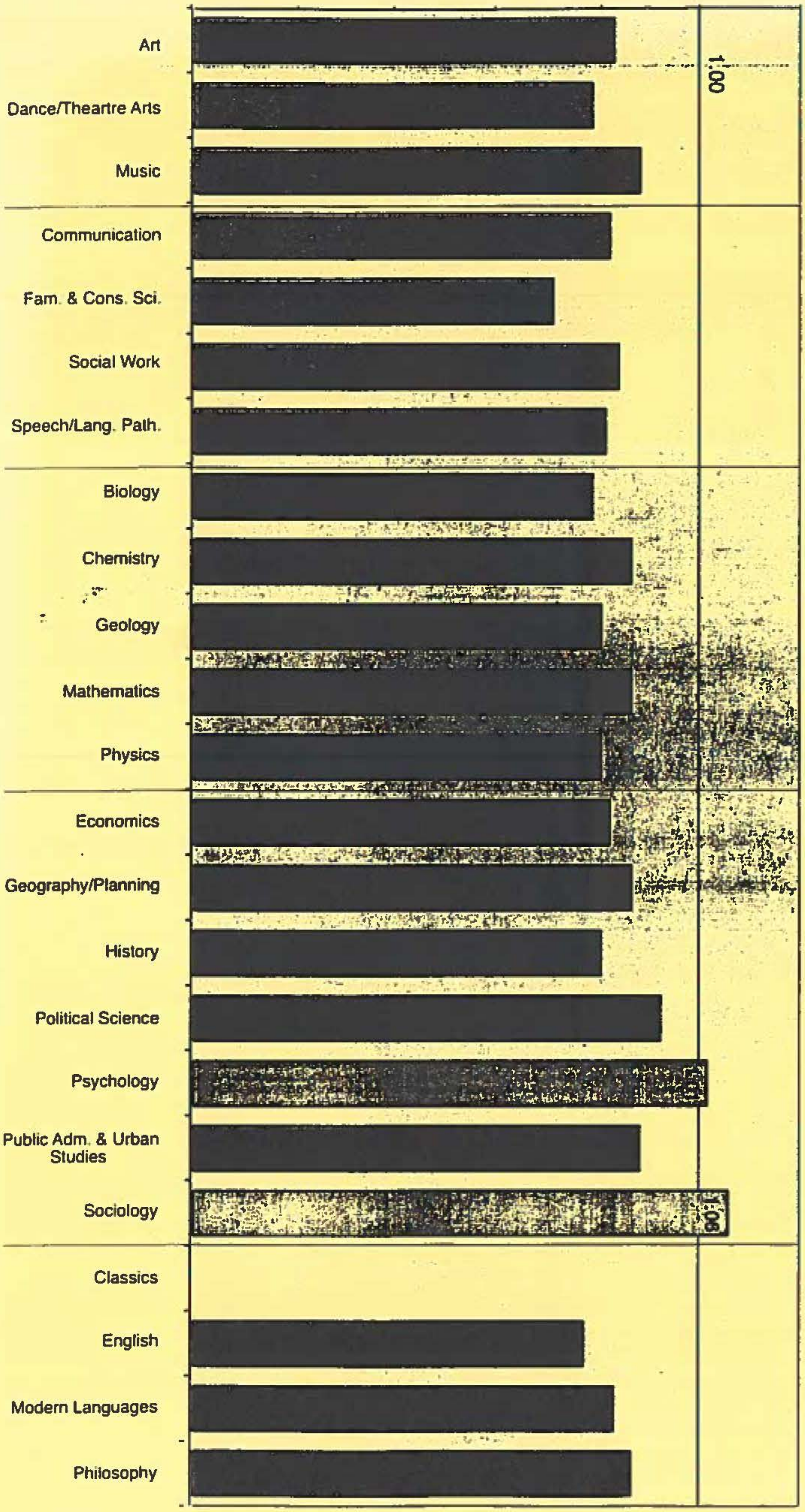
Comparison of the Average Salary of Professors in Different Disciplines Compared to the Overall Average Salary for Professors at The University of Akron



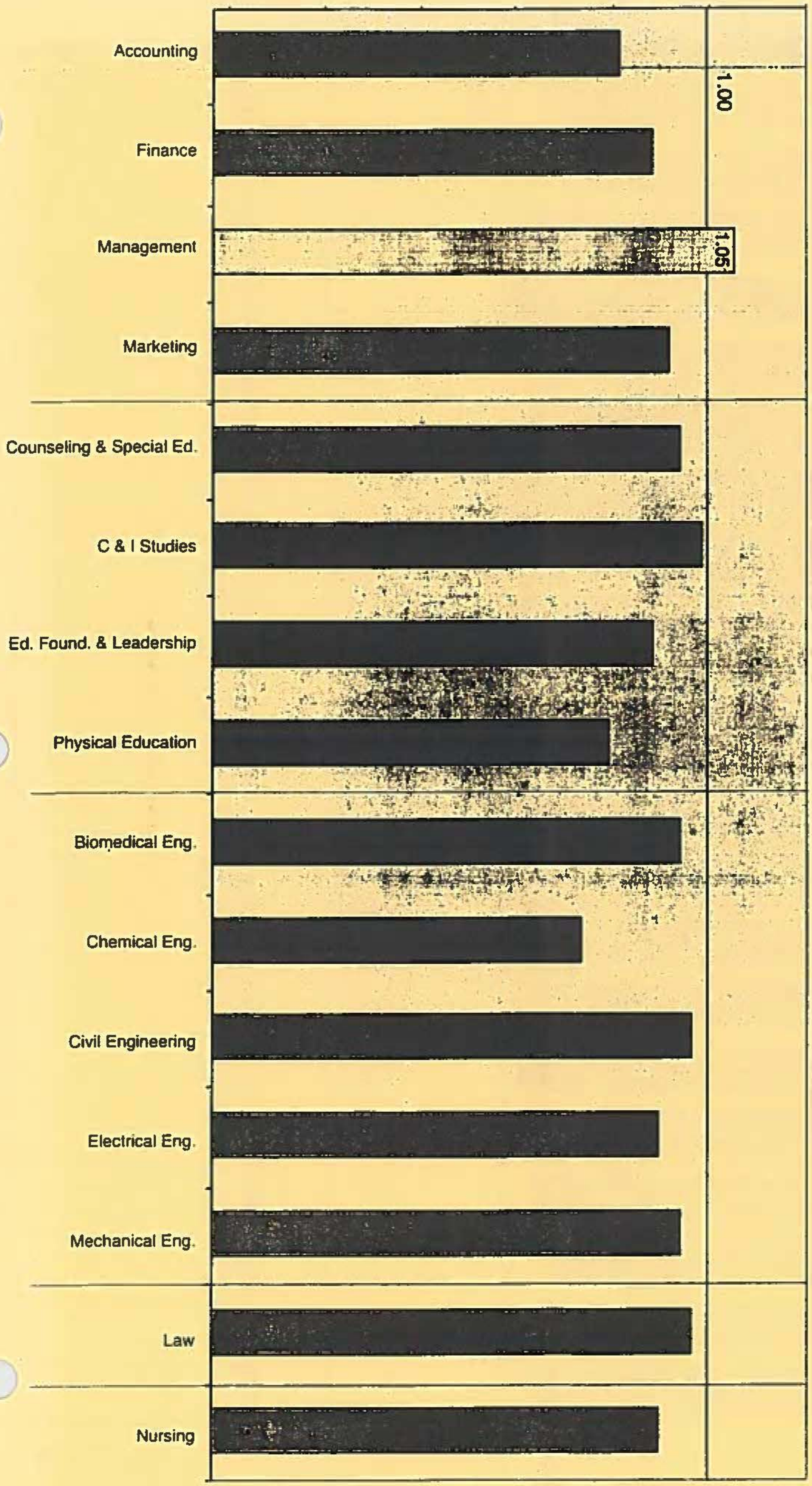
Comparison of the Average Salary of Professors in Different Disciplines Compared to the Overall Average Salary for Professors at The University of Akron

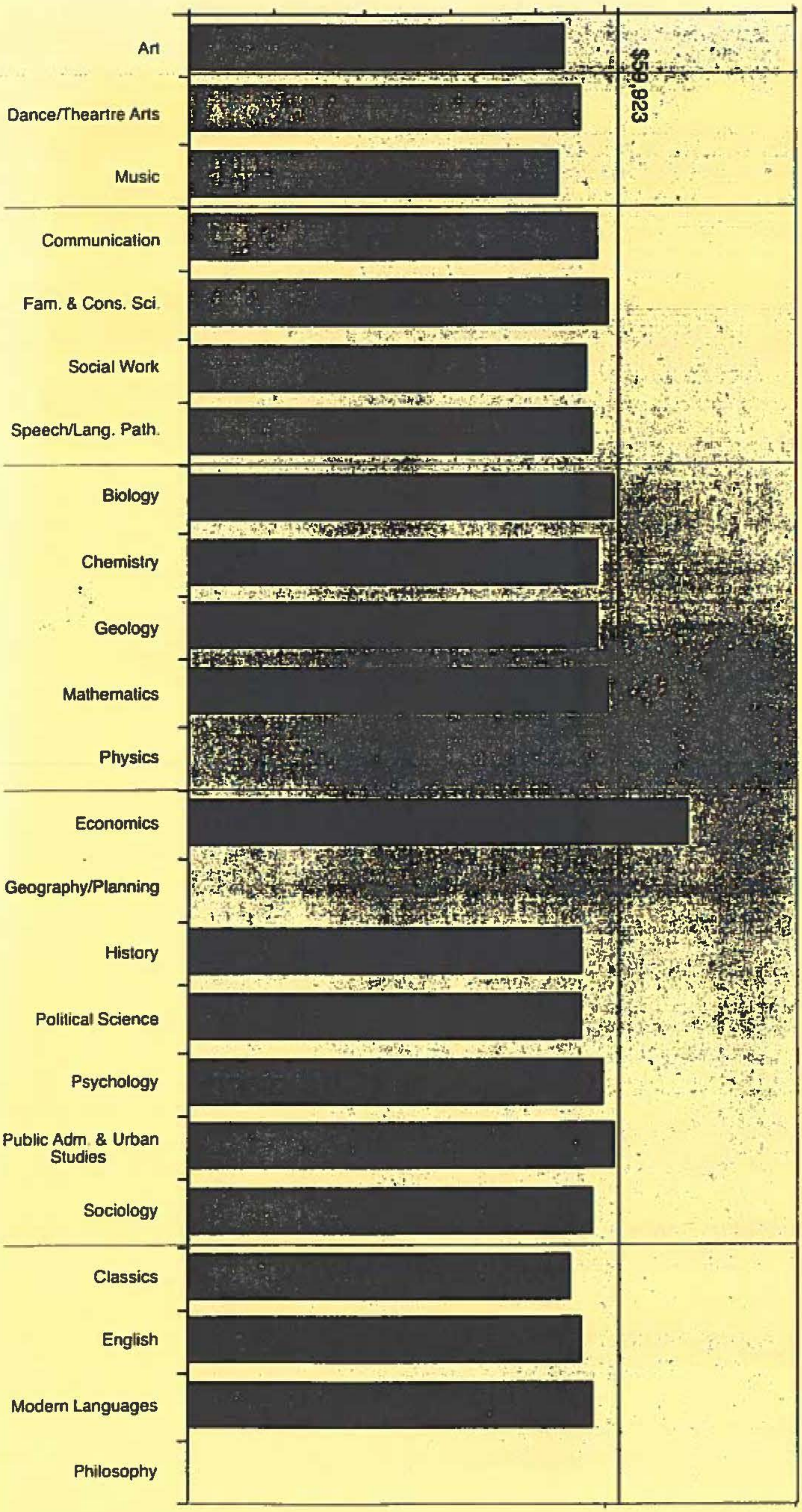


Comparison of the Average Salary of Professors in Different Disciplines at UA Compared to Discipline Average Salaries for Professors at Benchmark Universities



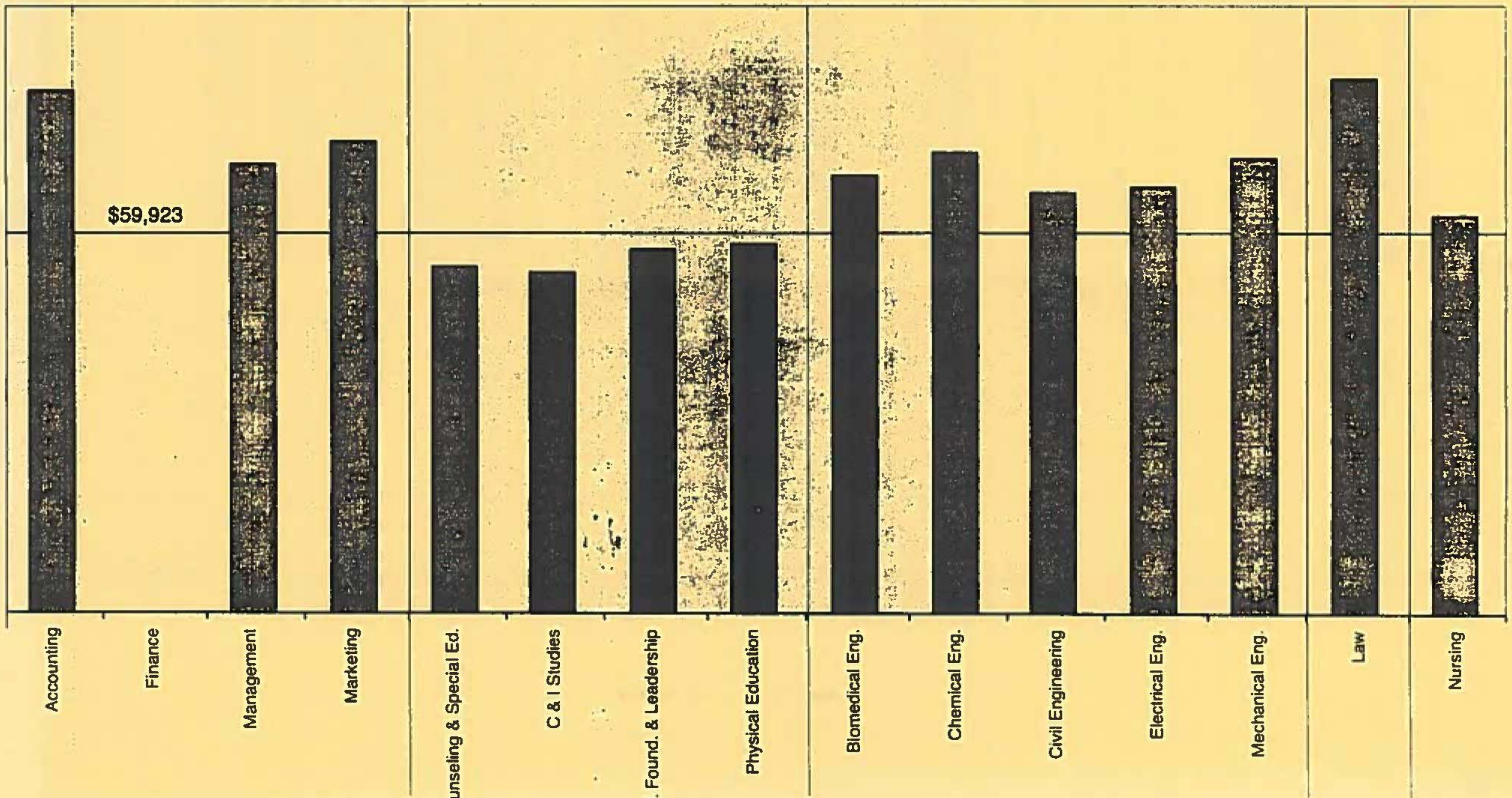
Comparison of the Average Salary of Professors in Different Disciplines at UA
Compared to Discipline Average Salaries for Professors at Benchmark Universities



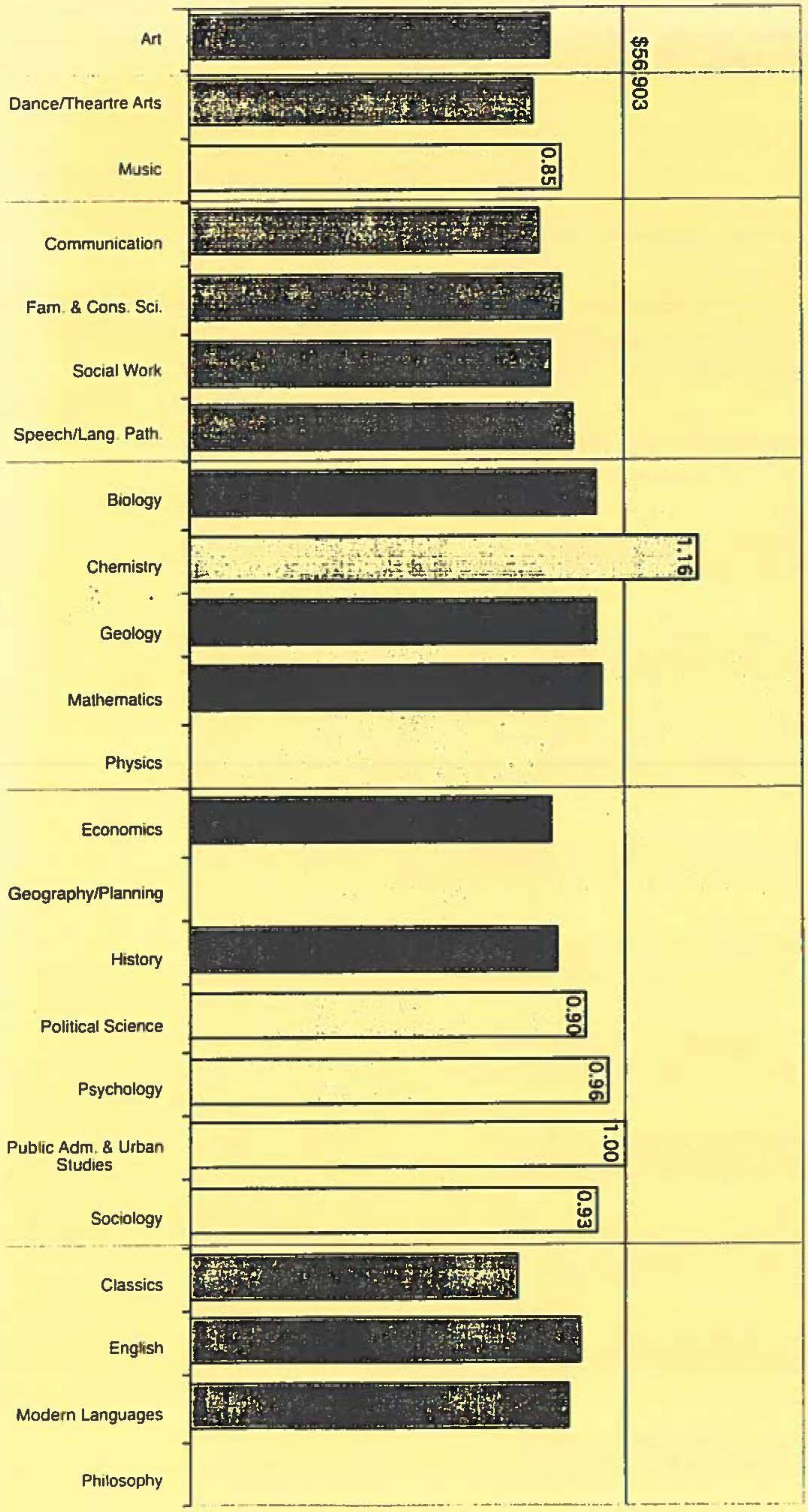


Comparison of the Average Salary of Associate Professors in Different Disciplines Compared to the Overall Average Salary for Associate Professors at Benchmark Universities

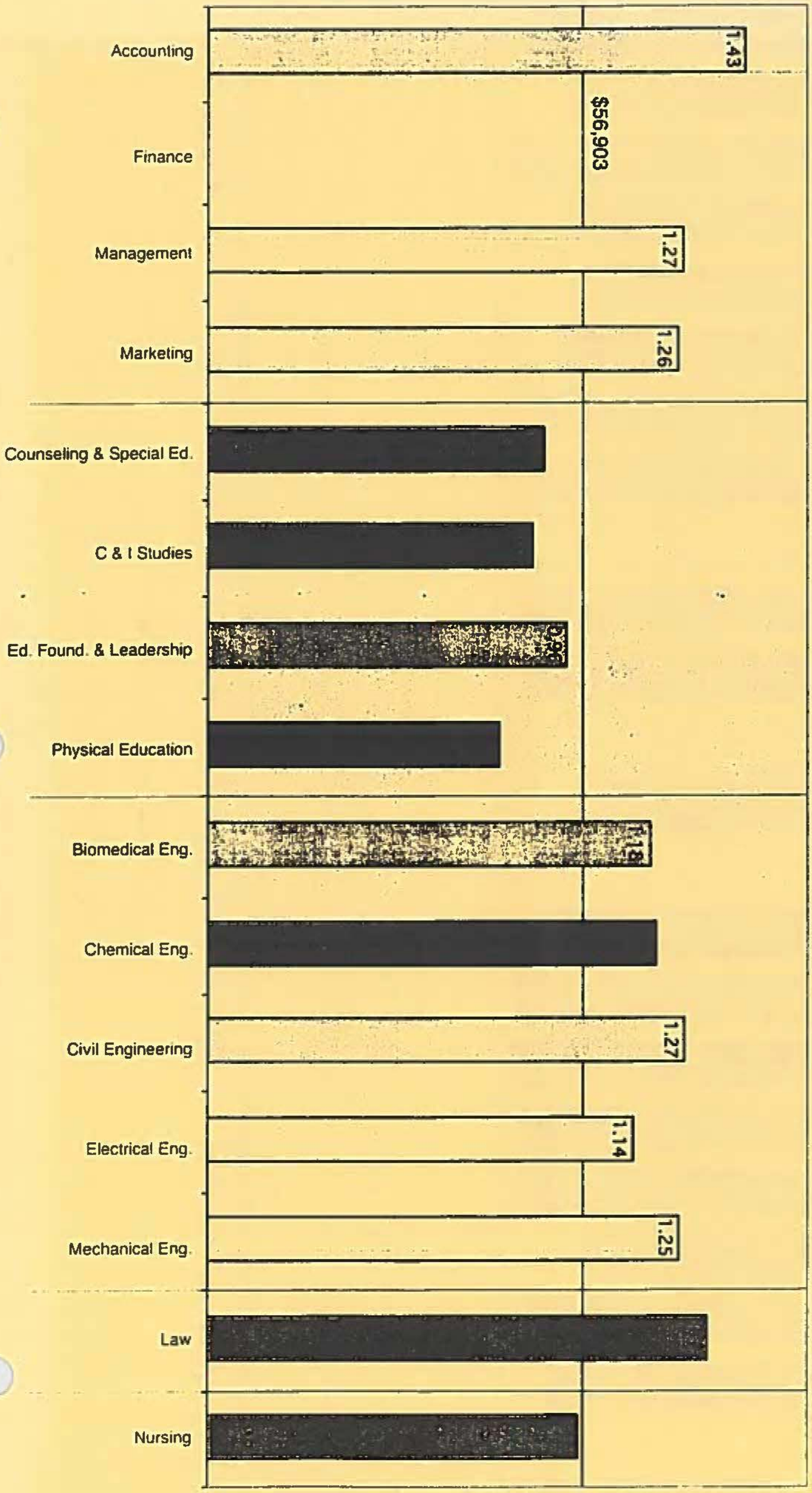
Comparison of the Average Salary of Associate Professors in Different Disciplines Compared to the Overall Average Salary for Associate Professors at Benchmark Universities



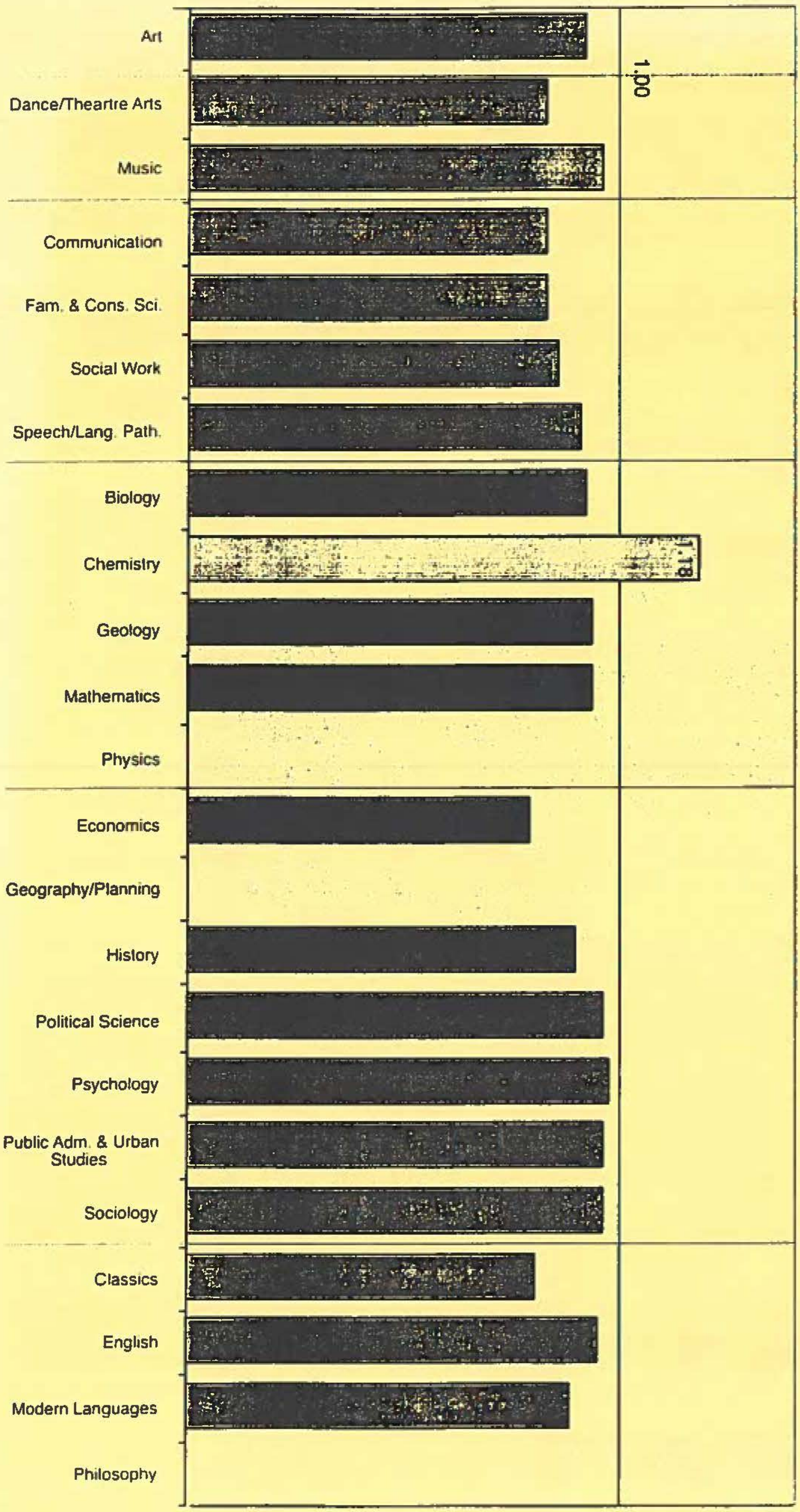
Comparison of the Average Salary of Associate Professors in Different Disciplines Compared to the Overall Average Salary for Associate Professors at The University of Akron



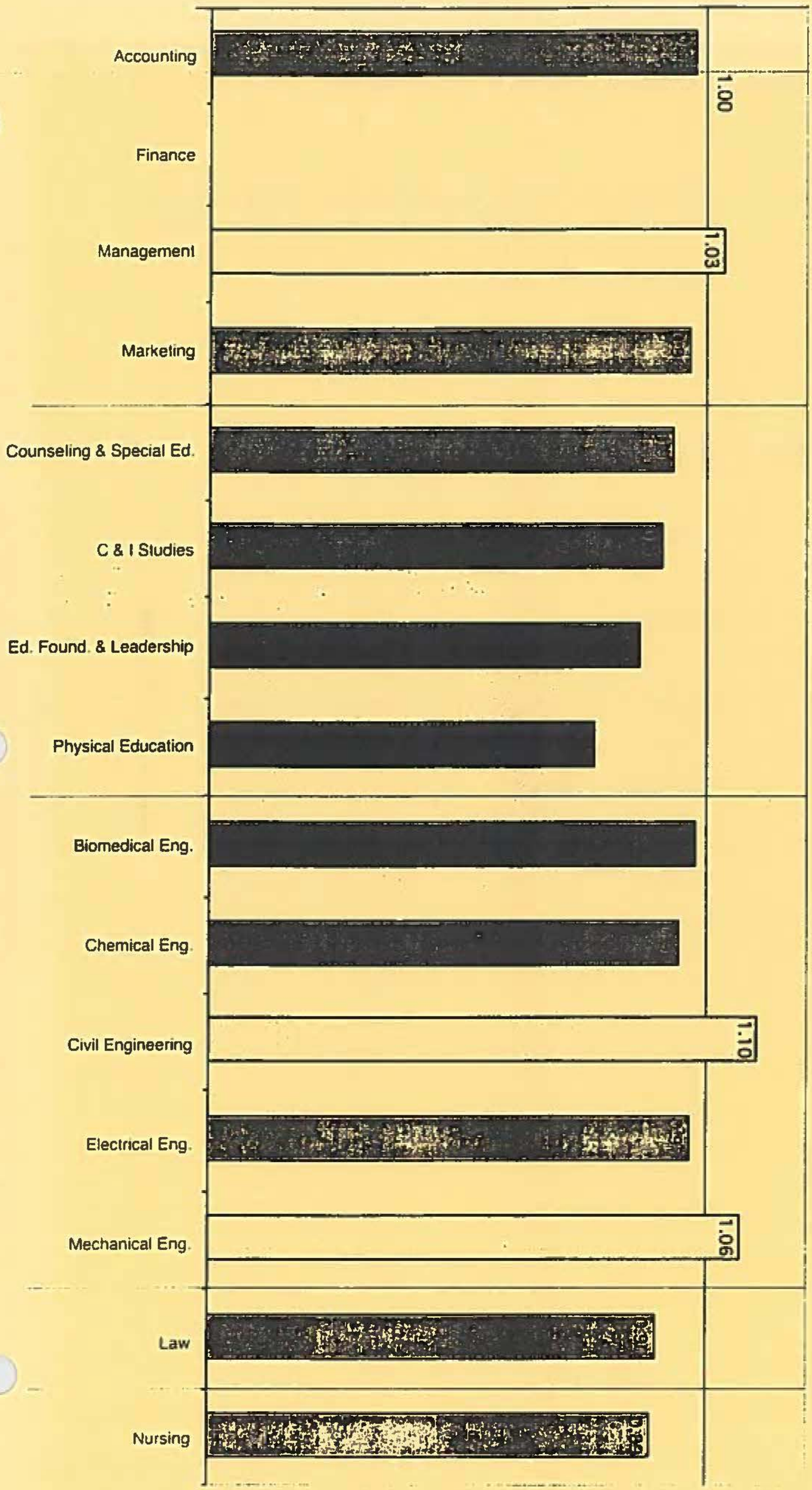
Comparison of the Average Salary of Associate Professors in Different Disciplines
Compared to the Overall Average Salary for Associate Professors at The University of Akron



Comparison of the Average Salary of Associate Professors in Different Disciplines at UA Compared to Discipline Average Salaries for Associate Professors at Benchmark Universities



Comparison of the Average Salary of Associate Professors in Different Disciplines at UA
Compared to Discipline Average Salaries for Associate Professors at Benchmark Universities



Academic Salary Affairs Task Force

Chand Midha, Chair (x7128)	(Working as a faculty liaison between faculty senate committees, President's office and Provost's office)
Elizabeth Reilly (x6197)	(Commission on equity)
Dan Sheffer (x6977)	(Chair of the senate)
Sue Rasor-Greenhalgh (x6046)	(Budget and planning committee senate)
Thomas Calderon (x6099)	(Accountant, Balanced Score Card)
Gary Garofalo (x7548)	(Economist)
Kathy Watson (x6583)	(Human Resources, Interim Executive Director)
Becky Herrnstein (x7075)	(President's office)

Faculty Salary Study 2000-01
LIST OF PUBLIC INSTITUTIONS SELECTED AS A FACULTY SALARY STUDY GROUP
By The University of Akron — Main Campus

Ball State University	IN	Miami University	OH
Bowling Green State University	OH	Ohio University Main Campus	OH
Cleveland State University	OH	The University of Akron, Main Campus	OH
Florida Atlantic University	FL	University of Delaware	DE
Georgia State University	GA	University of Wisconsin-Milwaukee	WI
Kent State University Main Campus	OH	Wright State University Main Campus	OH

Total Institutions = 12

Appendix B

Table 1: Breakdown of 2001–2002 Salaries of Professors at The University of Akron by Number of Years in Rank

Rank	Years in Rank	n	Min	Max	Mean	Median	Std Dev.
Professor	Less than 5*	86	$47,829	$150,000	$74,152	$68,294	$21,669
	6 to 10	76	47,401	140,000	72,209	66,574	18,359
	11 to 16	57	55,907	125,670	77,970	74,830	16,953
	17 to 20	15	57,240	140,110	87,428	77,700	24,369
	More than 20	5	81,500	118,350	102,952	112,909	17,899
	Overall	239	47,401	150,000	75,881	70,300	20,300

*Breakdown Comparing those Joining UA as Professors (1997–2001) or Promoted to Professor at UA (1997–2001)

In Rank Less than 5 yr.	n	Min	Max	Mean	Median	Std Dev.
Joining UA as Professors	17	$67,900	$150,000	$103,696	$100,000	$23,397
Promoted to Professor at UA	69	47,829	103,663	66,874	62,700	13,644
[redacted]						

Table 2: Breakdown of 2001–2002 Salaries of Associate Professors at The University of Akron by Number of Years in Rank

Rank	Years in Rank	n	Min	Max	Mean	Median	Std Dev.
Assoc Prof	Less than 5*	109	$31,108	[redacted]			
	6 to 10	44	31,567	84,117	54,426	51,650	11,226
	11 to 16	36	44,851	81,738	60,211	57,993	9,783
	17 to 20	17	47,913	85,500	59,467	54,558	11,335
	More than 20	11	52,030	81,800	65,271	63,420	11,545
	Overall	217	31,108	110,000	57,746	53,468	13,226

*Breakdown Comparing those Joining UA as Associate Professors (1997–2001) or Promoted to Associate Professor at UA (1997–2001)

In Rank Less than 5 yr.	n	Min	Max	Mean	Median	Std Dev.
Joining UA as Associate Prof.	20	$46,230	$110,000	$74,389	$71,614	$20,586
Promoted to Associate Prof. at UA	89	31,108	86,864	53,393	50,600	10,096
Overall	109	31,108	110,000	57,245	51,567	14,975

APPENDIX C

Recommendation from APCC

Academic Policies and Calendar Committee recommends that an Across-the-Board (ATB) component be included as part of the annual salary raise pool. The ATB component shall be a 2% raise or 40% of the raise pool, whichever is higher. Should a faculty member's annual evaluation fall below the satisfactory performance level as defined by the academic unit, said faculty member may not be eligible for the ATB component of the raise pool.

The remainder of the raise pool shall be distributed as merit. Merit is awarded for work performed above and beyond the satisfactory performance of the faculty member's duties as defined by the academic unit.

APPENDIX D

REPORT OF THE CAMPUS FACILITIES PLANNING COMMITTEE

April 4, 2002

The Campus Facilities Planning Committee met on April 2, 2002

The first business of the committee was a review of the dimensions of evaluation developed by the subcommittee for the classroom survey that CFPC will be sending to faculty. The sub-committee was set up to develop a questionnaire to evaluate the quality of present classroom space and provided a draft of questions for discussion. Members of the Committee added suggestions related to accessibility and to acoustics. The purpose is to get information from a faculty perspective on the teaching environment and equipment in each classroom.

The next item of business was the space assignment requests for Carroll Hall 320 A, C, D from Geography to Computer Based Testing. This request from Computer Based Testing (CBT) is for the use of three small offices available after the Geography Department vacates its Carroll Hall offices for the new Arts & Sciences Building. These offices are in close proximity to CBT and would relieve problems of over-crowding and lack of space for the disabled students testing environment. The committee unanimously approved the recommendation

Resolution: That the Faculty Senate accept reassignment request 1200-141 allocating Carroll Hall 320 A, C, and D from the Geography Department to Computer Based Testing, after Geography moves to the new Arts and Sciences Building.

The Chair noted the amount of moving about to take place with the close of Leigh Hall for rehabilitation and the opening of the Arts and Sciences Building. A number of Departments would move to the new A&S building, others to Olin Hall, Polsky's and the Superior Auto facility. The committee will take formal action when the final space assignment forms are forwarded to the Chairperson.

Jim Haskell reported that the sign-off for the new A&S building was May 6th. He also showed an architectural drawing of the amphitheater planned for outside the new A&S building. The Ionic columns from the demolition of East Hall will be part of that amphitheater. It is to be funded privately. A discussion followed on the proposed uses of the renovated Leigh Hall. Members of the Committee noted that they had not as yet seen the Program document for the building. Jim Haskell said that it would be ready for the next meeting of CFPC. He noted that of the five floors, because of limitations of funds at this time, the fifth would remain 90% incomplete and the second floor 30-40% incomplete. Knight Auditorium would not be changed. The rest of the classroom space was at present is allocated to Distance Learning. Members of the Committee were concerned about the potential loss of general classroom space. They also had questions about the need for this number of Distance Learning Classrooms. The Chair stated he would ask Associate Provost Thomas Angelo to attend the next meeting of the Committee to discuss these issues. Associate Dean Charles Munroe brought up the concern of Dean Creel that there were no general funds for the move to the new A&S building, although it was only 6 weeks away. In the discussion that followed examples were given of general funds being made available in the past and also situations in which departments and colleges had been required to find the funds. It was noted that this requirement for funds had not been brought in any specific form to PBC. The Chair stated that the Committee was on record for recommending strongly that funds for moving did NOT come from Department funds. He would contact Vice President Nettling about this issue.

The Chair reported that he had several calls from members of the university concerned about a proposed change in telephones to a system incorporated in the computer system. A number of questions relating to emergency issues required answers, and emergency problems are part of the concerns of the Committee. Members of the Committee also asked about the purposes of this new system and what it would mean in terms of transmission lines and other costs. The Committee agreed that there should be a joint meeting of CFPC and CCTC to find out more about this proposal from Vice President Gaylord, in order to review its pros and cons and make appropriate inputs into any possible decisions.

Mr. James Stafford gave an update on parking for the committee. He reported that there will be a loss of 738 spaces starting with Fall 2002 for a year. There will be a loss of approximately 688 spaces behind the Natatorium for the new Student Recreation Center and Fieldhouse: however, with the Polsky Deck fully operational (1500), there will be 9780 spaces available. This is just about the amount of parking available three years ago when the Campus Master Plan was implemented.

Respectfully submitted,
Harvey L. Sterns, Chair

APPENDIX E

PBC RECOMMENDATIONS FOR 2002-03 BUDGET
Proposed to Faculty Senate, April 4, 2002

Motion: The Planning and Budgeting Committee hereby submits to Faculty Senate its recommendations for the University's 2002-2003 budget (see attached detail for further information) which includes the following key components:

1. The PBC strongly supports the addressing of faculty and staff compensation issues including the creation of a 4-percent salary pool for faculty, staff, and contract professionals; the set aside of $1.2 million to begin to address faculty salary equity/compression starting with the ranks of Professor and Associate Professor in 2002-03; and elimination of the proposed $750,000 employee cost sharing for health care during this fiscal year, subject to the recommendations of the Faculty Senate Well-Being Committee.

2. The proposed budget continues $1.5 million in funding for the Research Initiative, plus a $1 million reallocation to make graduate stipends more competitive and new base funding of $208,000 for faculty research grants as proposed by the Faculty Research Committee. It is understood that over the next two to three years, the Research Initiative will become self-supporting through indirect cost recovery and other revenues associated with planned growth in this arena.

3. In support of the Landscape for Learning plan, $563,000 is budgeted for new building operations and maintenance (primarily the Arts and Sciences building). A temporary subsidy to the student union also is funded to offset a decline in revenues during the transition from one building to another.

4. Fixed cost increases are provided for, including projected increases in utilities, a planned server upgrade, and increases in software licensing fees.

5. The Return-on-Investment model including both enrollment productivity and quality measures will be applied to the academic areas, while the Administration will implement a planning and accountability model that addresses their areas.

6. Based upon the best estimates currently available, a 2-percent increase in enrollment is assumed.

7. To support continuing plans for enhancing the University's quality and stature in strategic areas, a 9.9-percent increase is proposed for tuition and fees plus a $300 surcharge for all first-time enrolled undergraduates. Differential rates of increase are proposed for law tuition and for graduate tuition for students in the College of Business Administration. To minimize the impact on students with particularly difficult financial challenges, the financial aid budget will be increased a proportional amount.

8. It is proposed that an estimated $2.2 million shortfall between planned expenditures and current revenue estimates be covered by proportional reductions from the general fund operating budget (academic and administrative units) and auxiliary subsidies. Such reductions will be restored proportionally with enrollment increases beyond the 2 percent budgeted. Conversely, should state support be reduced beyond current expectations such cuts will be made proportionately.

The University of Akron
FY02-03 Preliminary Budget
Key Components

The preliminary FY02-03 Budget Proposal includes the following points of interest:

- The compensation budget includes a raise pool of $3.9 million, which is sufficient to fund a 4% increase in salaries. (A possible across-the-board component of the pool will be considered if recommended by the APCC, a Faculty Senate subcommittee);
- $1.2 million is included to address the issue of faculty salary compression and equity;
- $0.9 million is included to cover fringes related to the 4% raise and the faculty salary compression/equity adjustments;
- A 2% increase in enrollment is assumed (generating a net of $2.3m);
- A $750,000 increase is included to reverse the previous proposal for employee cost sharing, subject to recommendation of the Well-Being Committee; and
- Requires reduction of expenditures in the amount of $2.2 million.

The University of Akron
FY02-03 Preliminary Budget
Assumptions (page 1)

The following assumptions were used to develop the preliminary FY02-03 Budget Proposal:

- Tuition and Fees were calculated using a 9.9% increase over the current (Spring '02) rates;
- A $300 "surcharge" on first-time students is included ($800k in revenue);
- Tuition and Fees for the School of Law are calculated using a 5% increase over the current (Spring '02) rates;
- A 2% increase in enrollment is assumed (see notes);
- $300,000 required for server upgrade;
- $1.4m increased licensing (increases in existing licenses and additional license fee directly related to the server upgrade);
- A premium rate is included for all College of Business Administration graduate credit hours. The additional revenue generated from the premium rate ($200,000) is included in the CBA operating budget proposal;
- $340,000 to maintain Distance Learning hardware (as agreed to be budgeted---33% of revenues generated by distance learning programs);
- $160,000 to TOPS Program operating (built into future ROI calculations of F&AA). The program generates about $0.5m in tuition and fee revenue per year;
- $15,000 University College COMPASS and ASSET Placement Tests;

The University of Akron
FY02-03 Preliminary Budget
Assumptions (page 2)

- $75,000 Recreation Center Director needed to coordinate Rec. Center planning and operations;
- $25,000 Student Affairs/Student Accounts One-Stop-Shop operating;
- $25,000 Associate VP for Student Life;
- $60,000 for operating expenses related to Federal Relations activities;
- $563,000 New building (Arts & Sciences) operating includes cleaning ($170k), utilities ($144k), maintenance ($196k), and other operating expenses ($53k);
- $628,000 transfer to Student Union operations;
- The General Fee to Athletics is increased by $712,569 to cover anticipated scholarship obligations;
- The General Fee to Athletics is also increased for the following:
  - Increased air travel ($100k) required in order to generate $900k in guarantees
  - Equipment and uniform replacements ($58k)
  - Increased MAC dues ($19k)
  - Support of a 4% raise pool ($96k)
  - Address gender equity issues ($35k)

NOTES: A 1% increase in enrollment yields $1.15m in tuition and fees;
A 1% salary raise pool equates to $1.13m in compensation and fringe benefit expenses.

The University of Akron
Office of Resource Analysis and Budget
Summary of FY02-03 Proposed Preliminary Budget

	FY02 Original Budget	FY02 Revised (adj for reduction)	FY03 Proposed	Change from FY02
Revenue				
Instructional & General Service Fees	$ 105,003,270	$ 111,737,170	$ 127,260,415	$ 15,523,245
Support to Athletics-Scholarhips	(3,340,931)	(2,990,931)	(3,703,500)	(712,569)
Support to Athletics-Operating	(4,288,069)	(4,288,069)	(4,617,100)	(329,031)
Other Fees	11,413,857	11,413,857	13,650,243	2,236,386
Total Tuition and Fees	$ 108,788,127	$ 115,872,027	$ 132,590,058	$ 16,718,031
State Appropriations	$ 97,384,960	$ 91,280,016	$ 91,360,375	$ 80,359
Other Income	$ 13,736,367	13,261,367	13,341,367	80,000
Total Revenue	$ 219,909,454	$ 220,413,410	$ 237,291,800	$ 16,878,390
Expenses				
Payroll	$ 115,728,937	$ 116,277,423	$ 124,115,320	$ 7,837,897
Fringe Benefits	28,658,942	29,408,941	32,208,057	2,799,116
Total Compensation	$ 144,387,879	$ 145,686,364	$ 156,323,377	$ 10,637,013
Operating Budgets	$ 23,494,660	$ 21,542,538	$ 23,638,538	$ 2,096,000
Continuing (Fixed) Obligations	43,245,547	44,660,077	48,479,183	3,819,106
Proportional Reductions Subject to Enrollment	-	-	(2,205,327)	(2,205,327)
Transfers-Out	8,781,368	8,524,431	11,056,029	2,531,598
Total Non-compensation	$ 75,521,575	$ 74,727,046	$ 80,968,423	$ 6,241,377
Total Expenses	$ 219,909,454	$ 220,413,410	$ 237,291,800	$ 16,878,390
Budgeted Surplus (Deficit)	$ -	$ -	$ 0	$ 0

The University of Akron
Instructional and General Service Fees (Community and Technical College)
Effective Summer, 2002

Description	Approved Rates Effective Fall, 2001	Approved Rates Effective Summer, 2002	Change from Fall 2001
I. Undergraduate (Community and Technical College)			
Instructional Fees			
1-11.5 credit hours	$153.24	$168.41	9.9%
12 to 15 credit hours	$1,838.88	$2,020.92	9.9%
Over 15 credit hours	$ 1,838.88 + $153.24/cr hr	$ 2,020.92 + $168.41/cr hr	
New Student Surcharge (effective Fall 2002):			
Per credit hour		$12.50	N/A
Maximum of		$150.00	N/A
Non-Resident Surcharge			
Per credit hour:			
Reduced Surcharge for Academically Qualified Students	$100.00	$100.00	0.0%
All Other Students	$195.00	$214.31	9.9%
General Service Fees			
Per credit hour	$16.18	$17.78	9.9%
Maximum of	$194.16	$213.36	9.9%
Facilities Fee			
Per credit hour	$5.00	$10.35	*
Maximum of	$60.00	$124.20	*

** Represents the final stage of the 3-year phase-in of the Student Union and Recreation Center debt service financing, as approved by the Ohio Board of Regents.*

The University of Akron
Office of Resource Analysis and Budget
FY02-03 Preliminary Budget Scenarios

	FY02 Original Budget	FY02 Revised (adjusted for reductions)	FY03 Prelim. Scenario	Change from FY02
REVENUE				
Tuition & Fees:				
Instructional Fees:				
Undergraduate	$ 70,817,400	$ 75,846,300	$ 86,885,600	$ 11,039,300
Graduate	15,900,600	17,047,900	18,912,900	1,865,000
Law	4,152,700	4,152,700	4,350,500	197,800
Non-Resident Surcharge	6,259,270	6,259,270	7,495,515	1,236,245
Total Instructional Fees	$ 97,129,970	$ 103,306,170	$ 117,644,515	$ 14,338,345
General Fee:				
Undergraduate	7,173,300	7,689,500	8,808,400	1,118,900
Graduate	574,600	616,100	677,400	61,300
Law	125,400	125,400	130,100	4,700
Subtotal General Fees	7,873,300	8,431,000	9,615,900	1,184,900
Support to Athletics-Scholarships	(3,340,931)	(2,990,931)	(3,703,500)	(712,569)
Support To Athletics-Operating	(4,288,069)	(4,288,069)	(4,617,100)	(329,031)
Net Total General Fee	$ 244,300	$ 1,152,000	$ 1,295,300	$ 143,300
Course Fees	1,265,000	1,265,000	1,476,823	211,823
Information Technology Fee	4,100,000	4,100,000	4,420,798	320,798
Engineering Infrastructure Fee	475,000	475,000	217,446	(257,554)
Developmental Support Fee	30,000	30,000	38,609	8,609
Career Advandage Fee	450,000	450,000	564,736	114,736
Facilities Fee	2,334,000	2,334,000	4,171,974	1,837,974
Continuing Education	899,857	899,857	899,857	-
Miscellaneous Fees	1,860,000	1,860,000	1,860,000	-
Subtotal	11,413,857	11,413,857	13,650,243	2,236,386
Total Tuition & Fees	$ 108,788,127	$ 115,872,027	$ 132,590,058	$ 16,718,031
State Appropriation:				
State Share of Instruction	$ 92,550,069	$ 86,735,219	$ 86,735,219	$ -
Access Challenge	578,074	543,389	543,389	-
Success Challenge	3,038,053	2,855,770	2,936,129	80,359
International Business Program	1,218,764	1,145,638	1,145,638	-
Total State Appropriation	$ 97,384,960	$ 91,280,016	$ 91,360,375	$ 80,359
Endowment	300,000	300,000	300,000	-
Other:				
Departmental Sales & Service	5,496,367	5,496,367	5,496,367	-
Investments	4,600,500	4,000,500	3,000,000	(1,000,500)
Indir. Cost: Grants & Contracts	2,690,000	2,690,000	3,370,000	680,000
Student Aid Program	1,000,000	1,000,000	1,000,000	-
Miscellaneous	50,000	175,000	175,000	-
Total Other	13,836,867	13,361,867	13,041,367	(320,500)
TOTAL REVENUE	$ 220,309,954	$ 220,813,910	$ 237,291,800	$ 16,477,890
EXPENDITURES:				
COMPENSATION				
Payroll:				
Full-Time Faculty	$ 45,083,127	$ 45,083,127	$ 46,560,622	$ 1,477,495
Full-Time Contract Professionals	14,448,298	14,448,298	14,881,747	433,449
Full-Time Staff	25,424,494	25,424,494	26,187,229	762,735
Dept'l Sales & Svcs.-Full-time	1,357,292	1,357,292	1,357,292	-
Vacant Positions	5,567,425	6,286,104	6,386,104	100,000
Time Release positions	576,200	576,200	476,200	(100,000)
Stipends - Regular	170,000	170,000	170,000	-
Subtotal Full Time	$ 92,626,836	$ 93,345,515	$ 96,019,194	$ 2,673,679
PT Compensation				
PT Faculty	5,600,000	5,439,807	5,603,001	163,194
Summer Faculty	6,365,158	6,365,158	6,556,113	190,955
PT Staff	1,150,000	1,150,000	1,184,500	34,500
Overtime Staff	450,000	440,000	453,200	13,200
Departmental Sales-PT Comp	946,476	946,476	946,476	-
Subtotal	$ 14,511,634	$ 14,341,441	$ 14,743,290	$ 401,849
Graduate Assistant Stipends	$ 7,061,846	$ 7,061,846	$ 8,061,846	$ 1,000,000
D/S Graduate Assistant Stipends	100,640	100,640	100,640	-
Retention, Promotions & Tenure	37,000	37,000	125,000	88,000
Salary Raise Pool	1,390,981	1,390,981	3,865,350	2,474,369
Faculty Salary Compression and Equity	-	-	1,200,000	1,200,000
Subtotal	$ 8,590,467	$ 8,590,467	$ 13,352,836	$ 4,762,369

	A B C D E F	G	H	I	J	K	L	M
1				The University of Akron				
2				Office of Resource Analysis and Budget				
3				FY02-03 Preliminary Budget Scenarios				
4								
5		FY02 Original Budget		FY02 Revised (adjusted for reductions)		FY03 Prelim. Scenario		Change from FY02
81	Total Payroll	$ 115,728,937		$ 116,277,423		$ 124,115,320		$ 7,837,897
82								
83	Fringe Benefits:							
84	Payroll-related Fringes	$ 15,040,350		$ 15,040,350		$ 16,220,500		$ 1,180,150
85	Group Insurance	9,769,431		10,519,430		11,269,431		750,001
86	Raise Pool and Compression-Related Fringes	236,467		236,467		861,109		624,642
87	Parking Permits	500,000		500,000		500,000		-
88	Fee Remissions:	2,467,900		2,467,900		2,712,223		244,323
89	Dept'l Sales & Services	644,794		644,794		644,794		-
90	Total Fringe Benefits	$ 28,658,942		$ 29,408,941		$ 32,208,057		$ 2,799,116
91								
92	TOTAL COMPENSATION	$ 144,387,879		$ 145,686,364		$ 156,323,377		$ 10,637,013
93								
94	NON-PERSONNEL COSTS (OPERATING)							
95	Departmental Operating:							
96	Non-Academic Units							
97	Office of the President	$ 315,800		$ 292,775		$ 292,775		$ -
98	VP Capital Planning/Facilities Mgt	2,430,100		2,139,249		2,139,249		-
99	VP Business & Finance	461,000		461,000		461,000		-
100	VP Student Affairs	1,626,800		1,418,877		1,443,877		25,000
101	VP & General Counsel	237,000		207,549		207,549		-
102	VP/CIO Info & Instr Tech	4,651,300		3,981,751		5,681,751		1,700,000
103	Bierce Library-Operating	1,002,200		1,002,200		1,002,200		-
104	Bierce Library-Books & Periodicals	2,600,000		2,600,000		2,600,000		-
105	Human Resources	127,100		117,595		117,595		-
106	VP Public Affairs & Development	1,106,800		1,038,932		1,098,932		60,000
107	VP Research & Dean Grad School	291,700		249,061		185,061		(64,000)
108	Senior VP & Provost	499,100		482,559		482,559		-
109	Subtotal	$ 15,348,900		$ 13,991,548		$ 15,712,548		$ 1,721,000
110								
111	Academic Units (plus ROI distributions)							
112	University College	$ 234,900		$ 214,900		$ 229,900		$ 15,000
113	Arts & Science	1,800,060		1,671,321		1,671,321		-
114	Business Administration	1,546,000		1,330,767		1,330,767		-
115	CBA Graduate Tuition Differential	-		-		200,000		200,000
116	Community & Technical	543,100		503,061		503,061		-
117	Education	489,200		480,200		480,200		-
118	Engineering	732,200		732,200		732,200		-
119	Fine & Applied Arts	813,600		813,600		973,600		160,000
120	Law-Operating	815,916		634,157		634,157		-
121	Law-Library	407,984		407,984		407,984		-
122	Nursing	356,000		356,000		356,000		-
123	Polymer Science & Polymer Eng.	406,800		406,800		406,800		-
124	Subtotal	$ 8,145,760		$ 7,550,990		$ 7,925,990		$ 375,000
128	Total Departmental Operating	$ 23,494,660		$ 21,542,538		$ 23,638,538		$ 2,096,000
129								
130	Continuing Obligations							
131	Academic:							
132	Scholarships - Undergraduate	$ 3,118,540		$ 3,187,800		$ 3,880,682		$ 692,882
133	Scholarships - Graduate	14,474,860		14,638,130		15,092,253		454,123
134	SEOG Matching Funds	211,910		211,910		224,000		12,090
135	Brennan Chair Match	44,550		44,550		44,550		-
136	Course Fees	1,265,000		1,265,000		1,476,823		211,823
137	Engineering Infrastructure Fee	475,000		475,000		217,446		(257,554)
138	Developmental Support Fee	30,000		30,000		38,609		8,609
139	Off-Campus Credit Course Setaside	581,342		581,342		985,696		404,354
140	Allied Health Services & Hospital Fees	167,300		167,300		167,300		-
141	Carnegie Teaching Academy	250,000		250,000		250,000		-
142	Faculty Research	-		-		208,000		208,000
143	Research Initiative	1,500,000		1,500,000		1,500,000		-
144	Distance Learning Maintenance	-		-		340,000		340,000
145	Subtotal Academic	$ 22,118,502		$ 22,351,032		$ 24,425,359		$ 2,074,327
146								
147	Academic Support							
148	College Work Study Program Matching Funds	$ 343,000		$ 343,000		$ 336,000		$ (7,000)
149	Student Extracurric. Activities	532,700		532,700		532,700		-
150	Commencement	215,000		215,000		215,000		-
151	Upward Bound Add'l STEP Students	56,000		56,000		56,000		-
152	Matching Funds-Upward Bound	37,000		37,000		37,000		-
153	Purchased Utilities - Net	6,251,400		6,251,400		6,463,500		212,100
154	Information Technology Fee	4,100,000		4,100,000		4,420,798		320,798
155	Career Advantage Fee	450,000		450,000		584,736		114,736

The University of Akron
Office of Resource Analysis and Budget
FY02-03 Preliminary Budget Scenarios

Row		FY02 Original Budget	FY02 Revised (adjusted for reductions)	FY03 Prelim. Scenario	Change from FY02
156	Cost Recovery-Auxiliaries	(446,135)	(446,135)	(446,135)	-
157	Cost Recovery-Wayne College	(69,508)	(69,508)	(69,508)	-
158	Indirect Cost Redistribution	1,417,285	1,417,285	1,847,285	430,000
159	Rentals	216,000	216,000	178,345	(37,655)
160	Legal Fees (Counsel & Settlemts)	1,222,700	1,222,700	1,273,000	50,300
161	Insurance	280,000	480,000	480,000	-
162	Property Assessments	44,100	44,100	44,100	-
163	Reserve for Increased Enrollment/Bad Debt	-	1,000,000	600,000	(400,000)
164	Campus Budget Reserve	500,000	500,000	500,000	-
165	Central Banking Fees	400,500	400,500	400,500	-
166	New Building Operation & Maintenance	55,000	37,000	600,000	563,000
167	Depart'l Sales Expenses & E.B.	3,347,022	3,347,022	3,347,022	-
168	External Auditing	122,000	122,000	180,000	58,000
169	University General Memberships	150,000	150,000	150,000	-
170	Patent Marketing Expense (Temarex)	20,000	20,000	20,000	-
171	Administrative Searches	75,000	75,000	75,000	-
172	Federal Relations	75,000	75,000	75,000	-
173	PFOC Projects under $75,000	150,000	150,000	150,000	-
175	Employee Training	-	-	40,000	40,000
176	University Advertising	1,000,000	1,000,000	1,000,000	-
177	Technology Fund	983,481	983,481	983,481	-
178	Proportional Reductions Subject to Enrollment	-	-	(2,205,327)	(2,205,327)
179	Subtotal Non-academic	$ 21,527,545	$ 22,709,545	$ 21,848,497	$ (861,048)
180	**Total Continuing Obligations**	$ 43,646,047	$ 45,060,577	$ 48,273,856	$ 1,213,279
182	**TOTAL NON-PERSONNEL**	$ 67,140,707	$ 66,603,115	$ 69,912,394	$ 3,309,279
184	TRANSFERS-OUT:				
185	Student Center	200,000	191,969	820,000	628,031
186	Rubber Bowl	204,200	196,580	301,580	105,000
187	E.J. Thomas Operations	767,427	738,610	738,610	-
188	Residence Life & Housing	500,000	481,170	481,170	-
189	Perkins & Nursing Loans Match	88,000	88,000	88,000	-
190	Plant Funds	1,000,000	1,000,000	1,000,000	-
191	ERIP	3,009,833	2,816,194	2,738,161	(78,033)
192	Bonded Debt Repayment - Series 1997a	320,058	320,058	319,504	(554)
193	Debt Repayment - Series 1999a	270,850	270,850	310,030	39,180
194	Debt Repayment - Series 1999a - facilities fee	2,334,000	2,334,000	4,171,974	1,837,974
195	Real Estate Assessment Agreement - City of Akron	87,000	87,000	87,000	-
196	**TOTAL TRANSFERS OUT**	$ 8,781,368	$ 8,524,431	$ 11,056,029	$ 2,531,598
198	**TOTAL EXPENDITURES**	$ 220,309,954	$ 220,813,910	$ 237,291,800	$ 16,477,890
200	**Budgeted Surplus (Deficit)**	$ -	$ -	$ 0	$ 0

Schedule A-1

The University of Akron
Instructional and General Service Fees (General)
Proposed Summer, 2002

Description	Current Rates Effective Spring, 2002	Proposed Rates Effective Summer, 2002	Change From Spring, 2002
I. Undergraduate (Excluding Community and Technical College)			
Instructional Fees			
1-11.5 credit hours	$190.30	$209.14	9.9%
12 to 15 credit hours	$2,283.60	$2,509.68	9.9%
Over 15 credit hours	$ 2,283.60 + $190.30/cr hr	$ 2,509.68 + $209.14/cr hr	
New Student Surcharge (effective Fall 2002):			
Per credit hour		$12.50	N/A
Maximum of		$150.00	N/A
Non-Resident Surcharge			
Per credit hour:			
Reduced Surcharge for Academically Qualified Students	$100.00	$100.00	0.0%
All Other Students	$206.70	$227.16	9.9%
General Service Fees			
Per credit hour	$20.10	$22.09	9.9%
Maximum of	$241.20	$265.08	9.9%
Facilities Fee			
Per credit hour	$5.00	$10.35	*
Maximum of	$60.00	$124.20	*
II. Graduate			
Instructional Fees (CBA Graduate Courses)			
1 and over	$229.63	$278.56	21.3%
Instructional Fees (All Other Graduate Courses)			
1 and over	$229.63	$252.37	9.9%
Non-Resident Surcharge			
Per credit hour	$164.30	$180.57	9.9%
General Service Fees			
Per credit hour	$8.77	$9.64	9.9%
Maximum of	$105.24	$115.68	9.9%
Facilities Fee			
Per credit hour	$3.00	$6.20	*
Maximum of	$36.00	$74.40	*
III. Law			
Instructional Fees			
1 and over	$268.93	$282.38	5.0%
Non-Resident Surcharge			
Per credit hour	$180.50	$189.53	5.0%
General Service Fees			
Per credit hour	$9.14	$9.60	5.0%
Maximum of	$109.68	$115.16	5.0%
Facilities Fee			
Per credit hour	$3.00	$6.20	*
Maximum of	$36.00	$74.40	*

** Represents the final stage of the 3-year phase-in of the Student Union and Recreation Center debt service financing as approved by the Ohio Board of Regents.*

Schedule A-2

The University of Akron
Instructional and General Service Fees (Community and Technical College)
Effective Summer, 2002

Description	Approved Rates Effective Fall, 2001	Approved Rates Effective Summer, 2002	Change from Fall 2001
I. Undergraduate (Community and Technical College)			
Instructional Fees			
1-11.5 credit hours	$153.24	$168.41	9.9%
12 to 15 credit hours	$1,838.88	$2,020.92	9.9%
Over 15 credit hours	$ 1,838.88 + $153.24/cr hr	$ 2,020.92 + $168.41/cr hr	
New Student Surcharge (effective Fall 2002):			
Per credit hour		$12.50	
Maximum of		$150.00	N/A
Non-Resident Surcharge			
Per credit hour:			
Reduced Surcharge for Academically Qualified Students	$100.00	$100.00	0.0%
All Other Students	$195.00	$214.31	9.9%
General Service Fees			
Per credit hour	$16.18	$17.78	9.9%
Maximum of	$194.16	$213.36	9.9%
Facilities Fee			
Per credit hour	$5.00	$10.35	*
Maximum of	$60.00	$124.20	*

* *Represents the final stage of the 3-year phase-in of the Student Union and Recreation Center debt service* financing, as approved by the Ohio Board of Regents.

CHAND MIDHA*
MATHEMATICAL SCIENCE
~~14002~~ +1913

the university of akron
Chronicle

a report to the faculty of
the university of akron

2001-2002, No. 7 March 21, 2002

Corrections: pg

18 Pages

TABLE OF CONTENTS

Any comments concerning the contents in The University of Akron Chronicle may be directed to the Secretary, Dr. Elizabeth Kennedy (x6932)
facultysenate@uakron.edu

MINUTES OF THE SPECIAL FACULTY SENATE MEETING OF MARCH 21, 2002

A special session of the Faculty Senate was called to order by Chair Dan Sheffer at 3:05 p.m. in Olin Hall, Room 124.

Thirty-eight of the sixty-eight Faculty Senators were in attendance. Senators Barrett, Belisle, S.Clark, Drew, Lavelli, Marino, R.Pope, and Riley were absent with notice. Senators Anderson, Brouthers, Carri, Chafin, Conrad, First, Hajjafar, Hebert, Holz, Laipply, Louscher, Pinheiro, S.Pope, Purdy, Qammar, Redle, Sterns, Trotter, Turning, Wallace, and Walter were absent without notice.

SENATE ACTIONS

- **APPROVED LIST OF CANDIDATES FOR SPRING 2002 GRADUATION.**
- **PASSED TWO RESOLUTIONS: RESOLUTION #1) RIGHTS AND RESPONSIBILITIES OF SENATORS WHO PERFORM MULTIPLE ROLES WITHIN THE UNIVERSITY; RESOLUTION #2) PROTEST AND DOCUMENTATION OF ADMINISTRATION'S FAILURE TO ENGAGE SENATE IN REAL SHARED LEADERSHIP.**

The Chair began the meeting by stating that the Senate was meeting in special session this afternoon to address two issues. The first issue was that of the resolution that was worked on by Senate in committee of the whole. We would deal with that first, and then we would come out of committee of the whole and work with the Senate on the resolution again. The second item of business would be the draft presented by the Well-Being Committee, a draft of the recommendations being considered by the Well-Being Committee on the health care issues. The third issue that was sent to Senators dealt with tuition and fee requests; we were to take some information or our recommendations to the President and then on to the Board. That has been withdrawn by the Vice President of Finance at this time for consideration at this time. They felt there needed to be some more input before the Senate received it.

The Chair then asked for a motion for the Senate to go into committee of the whole. Senator Norfolk made the motion; Senator Lyons seconded it. The body then voted its approval of the motion.

Vice President Erickson served as the chair for the committee of the whole. She then reported that, **"The committee of the whole has risen and is reporting that this resolution is now being considered by the Senate for a vote."** The Chair called for discussion of the resolution from the floor.

Senator Norfolk stated that he had read this multiple times but didn't speak up at the last meeting. In particular, item 5 that Senate had just amended, what might a festering boil to the campus, had nothing to do with the current administration. The software discussion and the implementation was decided, he thought, 6-7 years ago, and he disagreed with item 1. He was on PBC and we had had a quite spirited discussion in the past few weeks on these items. He liked the sentiments of the people, but he did not like the specifics.

Senator Erickson stated that she thought the Senate had come out of committee of the whole in order just to vote on the change from PeopleSoft to "management software."

Chair Sheffer stated that Senate could still discuss it and speak to or against the motion on the floor. Parliamentarian Gerlach added that in committee of the whole you changed the software, but did the Senate pass the entire resolution as revised? All you wanted to do now was approve this small change, but the Senate had to act on it now to make it enforceable. The Senate would then have to consider the entire resolution.

Senator Erickson stated that the Senate would have to go back into committee of the whole for that. Senator Harp wanted to call the question on the amendment.

Chair Sheffer pointed out that after the Senate voted on calling the question there had to be a two-thirds majority vote on this amendment. Did everyone understand what we were voting on? A vote was taken. The motion to call the question was passed. The Chair then asked for a vote to change the word PeopleSoft to management software. The motion passed.

Senator Harp moved that the body go back into committee of the whole for discussion of the entire resolution. This was seconded and passed by the Senate.

Vice President Erickson again served as chair of the committee of the whole. She returned to report, stating that a paper ballot had been taken on Resolution #2 **(Appendix A)**.

The Senate then took a paper ballot regarding Resolution #1, which stated, **Whereas, Senators manage multiple roles; Whereas, Senators act in the Senate, on or on behalf of, any committee designated by Senate. Be it resolved that Senators, regardless of what other roles they manage, have not only their right but also the responsibility to represent the faculty and staff constituency from which they were elected.**

The Chair called for a vote on this resolution. Resolution #1 passed without dissent.

The Chair stated that next was the report of the Well-Being Committee relating to the draft recommendations on health insurance, and the second piece of information was the recommendations being considered by Well-Being on health insurance **(Appendix B)**. As he understood it, this was not to be voted on but was just the beginning of information regarding the work of the Well-Being Committee. He wanted to express the deep gratitude of the

Executive Committee and he hoped the rest of the Senate to the Well-Being Committee for the amount of work they had had to attack to come up with these particular recommendations. He asked Senator Erickson, as chair of Well-Being Committee to report.

At this time, Senator Sterns then asked whether the votes were tallied regarding Resolution #2, and the Chair reported that for resolution #2, the vote was 29 votes for the resolution, 8 votes against, and so it passed.

Senator Erickson continued her report. As Senator Sheffer had said, there was a mountain of material, and this was just a tiny fraction. She had come here for input, and the Well-Being Committee moved towards getting its recommendations because we had until May to come up with recommendations and would plan to bring this material to the Senate in May. But in the meantime we were interested in feedback.

Senator Kahl asked whether it were possible that the system being used to get these bids was part of the problem, that that was what was fundamentally flawed? When he came here 13 years ago he paid extra to get on the HMO because of the quality and because of the benefits. Now he would not touch it with a 10-foot pole, as he had had experience with Home Town. But was it possible that by going for the lowest bid that we were forcing people to move up the ladder to the PPO and the indemnity plan, and that that was what in fact was causing higher cost; and if so, was there anything the committee could do about it?

Senator Erickson replied that the committee was trying to address these issues, but at this point we only knew what we could not do. Back in the old days, as Desnay told us, we were able to have a long-term relationship with a carrier and negotiate each time for conditions. With the all the competition out there now, Medical Mutual and Summa said that that was not possible, and clearly it was not if you looked at what was going on around us. But our consultant also said that there were some possibilities of changing the bidding system in terms of shifting things around to reduce costs.

As far as the issue with respect to the HMO's, Senator Erickson could tell all what had happened. First of all, we did not just choose the lowest bidder. In the particular case we were discussing, we needed two HMO's, one to go with City Hospital and one with Akron General. So the carrier we had had in the past submitted an unbelievably high bid, and there was no way we could stay with them. What we did instead was say HomeTown was the one that covered Akron General, but then we added Kaiser. Now we found there has been a very big migration to lean toward PPO's, but there were additional people going to the HMO's as well. What has happened with people on traditional indemnity this time around moved in a major way to PPO's. There had been some increase with the HMO's, and certainly, the extra costs came from the traditional indemnity. Within the bidding structure we had, that was certainly not our intention to get people to move away from the HMO's.

Senator Kahl continued by stating that Senator Erickson said there was a very high bid on the one HMO in particular. He wondered how it compared to the PPO and the indemnity plan.

Senator Erickson replied that she was not certain, but would look this up for Senator Kahl.

Senator Lyons then stated that he wanted to express appreciation to the committee doing all the work, but he had one question. In the report the committee stated that it accepted the inevitability of cost sharing and he did not want to prolong that. But in the competitiveness with other universities section, the committee surveyed universities, and five of them had free plans and Miami had three free plans. Why shouldn't we shoot for a free plan?

Senator Erickson thanked Senator Lyons for giving her a chance to speak to this, because she wanted to add some things here. After looking at some information, we dealt with the issue of retiree dependents and we dealt with keeping two free plans. But the cost of those two free plans plus retiree dependents would save us over $300,000. When talking about the inevitability of cost sharing, this was not the inevitability that you were going to pay premiums. The committee was not saying that; it was not our job to say that. Our job was to report to the President about profit sharing, and perhaps more importantly, to report to PBC on the cost situation. The committee was asking PBC what the national trends of plans were, that the national cost of health care was now going straight up again. It could well be that PBC said it would make a cut somewhere else in the budget. But the committee was telling PBC that there was this 45% overall long-term cost increase, and the committee could not find a way to reduce it. She would not be the slightest bit surprised if the next time the increase would be 30%. In that sense, however we did it, it was cost sharing. It might be because we lost something else, but it was a trade-off. There was nothing to be squeezed out of health insurance.

Senator Erickson continued by saying that the committee came to you a few months ago saying there was liability dumping. A lot of people have taken U of A insurance because it was free even though they had good plans, but they had to pay for them. We went back and said, let's try and see what would happen if we made the employees free and then charged for the others. They said you would have adverse selection; the healthy would choose that situation, and they would increase the rest. Now Medical Mutual at the moment was essentially the only bidder on our PPO, and they knew that. It did mean we had to back off with some possibility to reduce the size of the pool. What we felt was that given these kinds of cost increases, we wanted to set up a new kind of system and the conditions for any kind of premium system that we introduced. We had considered that when and if it was necessary, we should put a cap on the percentage of the costs, and that they should be in concert with definite steps to improve the compensation. Then for some, cost

sharing may be by premiums. We would determine to keep a free plan, but to get free plans you had to use benefits. That was why we had this one which was in-network with somewhat higher deductibles than the most basic ones and then catastrophic for people who wanted catastrophic.

Senator Yoder stated that she needed Senator Erickson to refresh her memory, and asked whether we were trying find 1.6 million.

Senator Erickson replied that that was one thing we were trying to do. She went back and looked at what we were asked to do, and at one point we were asked to come up with 1.6 million. Later it was modified to find ways to reduce the cost.

Senator Yoder asked where the 1.6 million request came from and how the number was arrived at.

Senator Erickson replied that the 1.6 million came from the fact that the original increase in health care costs which the University budgeted at 10% turned out to be 22%, and that was 3.2 million. What Vice President Nettling had asked us to do was pay the premiums. But when she had gone back and looked at what had happened since that time, the President had asked the Well-Being Committee to look at how to reduce the costs effectively. In terms of premiums, we said that PBC recommended covering health insurance until June 2003. Well-Being also recommended that it certainly should not be any earlier than Jan. 2004, because you could talk about bidding on a new contract at that time, and there were a lot more options you could take. It was still possible to add EPO's and catastrophic.

Senator Yoder questioned whether there were places from which those monies to support health care could be found beyond what Well-Being did.

Senator Erickson replied, absolutely. That was why our recommendation really went to PBC, because it was PBC that made the decision on how this allocation would take place. We were going through to see very carefully where our possibilities to reduce health care costs were, and then send the recommendations back to PBC.

Senator Buckenmeyer stated that he would like to support the third recommendation. He thought there were a lot of important resources here on campus that could be provided, and he would like to make a suggestion that not only nursing, but in concert with our Zipfit faculty/staff fitness program, we could save significant amounts of money in health care costs. He would love to provide input into this.

Senator Erickson replied that his involvement would be terrific, and the committee would ask him to attend the next meeting.

Senator Harp stated that in point no. 4, under acceptance of cost sharing, he wished that point 4 b) were a little more strongly worded. It implied the beginning of the process toward salary compression. He thought his constituents would be really angry with him if you compared with other universities, not only KSU and UC with two free plans, but if you compared with his history department, for example, average salaries per rank - an associate professor was earning about 7,000 more at KSU, and full professors were earning up to 15-20,000 more on average. He would like to be able to say to his constituents that they would not be cost-sharing more than Kent State University employees until after their salaries had reached the levels of Kent State or UC campuses.

Senator Lyons stated that he wanted to build on Senator Yoder's point. Senator Erickson's discussion was framed on how we could pick up the tab, either through premiums or benefits, and he thought we needed to widen the scope and look at competitiveness with other universities. There were universities in Ohio that had all three plans - where were they getting the money for all three plans?

Senator Erickson replied that the only university that had all three plans was Miami University, and she did not have all the information as to what their particular situation was and the details of those three plans. She would be happy to check it out, but one thing that was discussed with our faculty representative in Columbus was that we were going to be asking faculty to pay premiums in about 18 months. One thing we did want to say was that when we talked earlier, people were prepared to take lower salary increases in order to get free health benefits. There was considerable discussion on the other side as well and we backed off. But if PBC said the only way to go was health care premiums, we wanted to put in place what we thought would be the fair kind if we had to have them. It was a very difficult situation when you knew that we were going to be getting a 3% increase.

Linda Sugarman, who was representing the retired faculty, then asked for and was given permission from the body to speak.

"It has been six years since I addressed a university body so if I'm a little nervous, please forgive me. I also want to thank the Well-Being Committee for all the time they spent and for all the hard work they did, and for Dr. Erickson for allowing retirees to have some input into the committee. Even though I'm a retired representative, what I'm going to speak to is really from my personal viewpoint, not as a representative.

Going back to the retiree dependent benefits, I'd like to point out that some of the retirees had questioned the legality of changing their post-retirement benefits. I don't know the answer to that question, but I would point out that many employees made the decision to retire early based on the expectation that their dependents would be receiving lifetime medical benefits at no cost. Some may have not retired until they were closer to the age of 65 because those benefits were not available. As you know, some of them retired no more than two years ago. Faculty believed that the University had made a legal commitment to provide

dependent health benefits when they accepted retirement. Many staff people and some older faculty retired with relatively low salaries. They are counting every penny and may not be able to afford any health insurance if a charge is instituted.

Going on to changing from the traditional to the Medical Mutual PPO, for those of us living in Summit County there would probably be hardly any change at all. Some people might have to change their positions, but for those retiree dependents who live outside the area, that could be a problem. If you're lucky enough to live in Phoenix, Arizona, or Delray Beach, Florida, you'll have no problem there. There are plenty of in-network physicians, but if you're unlucky and happen to have retired to other places where there may be no general practice physicians or internists on the network list within 50 miles. There are a number of retiree dependents residing in areas without network physicians, and those people will face a drastic reduction in their benefits if forced to migrate to a PPO for traditional insurance.

I'd also like to point out two other things - on the report of the Well-Being Committee it states that retiree dependents should have equivalent benefits. We don't have equivalent benefits now - does that mean that they could start equivalent benefits? The report also states that STRS covers a co-pay, or 3% per year. Yes, it does - 3% per year maximum, but I want to point out that that 3% is on the original base salary. So each year that 3% goes down, and if you're looking forward to 3% when you retire, you're only getting 3% the first year. People who have been retired for 15 years, that 3% has been reduced to 2%. Also, it wasn't mentioned that many retirees are not under STRS; they're under PERS and SERS, and I don't know whether they have the same numbers. I'll hand out a written report, and thank you for allowing me to speak."

Vice President Nettling then asked for permission to speak. He stated that Miami collected in excess of $20 million more in tuition annually, so they were three times more able to pay for it. Senator Erickson stated that she could corroborate that.

Senator Kahl asked whether the committee could find out what the situation was with retiree benefits, because we had a number of active faculty who were concerned with that as well. There were people, some of his constituents, who were actually not retiring from the University because they were afraid the University would pull that benefit. If those people retired that would be significant cost savings to the University. Was that included anywhere in any health care consideration, because it would be considerable cost saving to the University.

Senator Erickson stated that from the information available, retiree dependents would be covered with a comprehensive medical plan. That was what it said, and as we understood it, it did not say they were free. But at the moment they were a great deal better than ours because they were traditional indemnity, which all of you were paying for. This was a free traditional indemnity which was by far the most expensive, sort of "Cadillac" care. Maybe you did not want to do this because it would be a cost to the University for the next 30 or 40

years. So that was why we felt it didn't seem fair that they should have a system, this traditional indemnity that none of the insurers wanted. It was indeed right that they would be covered with a comprehensive medical plan, but STRS was talking about increasing its payments. From looking very carefully at the network, and from reading the report, Kaiser would cover Ohio, and we were being as honest as we could. We tried to look at each person and noticed there were a few people that were more than 50 miles away. We said at the moment, our recommendations were changes for retiree dependents under 65, not those over 65.

Secretary Kennedy then stated she had a question about the cap and the cost sharing. She understood the reason for the cost sharing and the cap, and as she understood it, the cap was to take care of the rising increase in health insurance. Or, rather, the cost sharing was to take care of the rising increase. If you put a cap on that, what did you do next year when there was an increase? And what if the situation suddenly became better and we did not need that - would we still have to pay for our health insurance? Was there any provision to remove our contribution should miracles happen? What if things got better?

Senator Erickson replied that the committee had put the cap on the percentage of the costs so if the costs went up, it was the cap on the percentage of the costs.

Secretary Kennedy then asked, so our contributions would increase each year? To which, Senator Erickson replied that it could increase but would be no more than a certain percentage. Secretary Kennedy then stated that, so essentially, if the report was correct, each year we would be paying more and more...

Senator Erickson replied, but no more than, but that was not sure yet because we were looking at two caps. We were trying to work out some combination of percentage of income and percentage of costs. She asked Senator Brant Lee to speak to the body on this.

Senator Lee stated that he would like to say first of all that we had migrated that committee from the idea of 1.65 million. If there needed to be contributions in the future, we were looking for a system that was rational, well thought-out and that we could live with in the long run. One of those things was what percentage of your salary it would be, and we were looking at caps and with 8% of the overall medical benefits, or 8% of whatever the costs were in the future, we might have to increase it.

Senator Erickson added that the committee was also looking at the issue of the percentage of your salary and trying to look at both of those areas.

Secretary Kennedy said that since these were recommendations that were going to be going to PBC, she would suggest that we put in some language to say that should the situation improve, contributions might no longer be necessary.

Senator Erickson replied that she thought the only way the situation would improve was if it was national, but she thought all of us should be working on trying to get that change. There was no way this particular kind of thing was going to last very long.

Senator Lee then had another comment. He heard the comments about the retirees and he appreciated Linda Sugarman's coming to talk to us. He wanted to point out any change in that system we would like to make a win-win situation. In other words, he was glad to hear it said that your current plan did not have dental. Because what that brought to his mind was that if we could find a way that encouraged you to move to a less costly plan for the University by giving you something you did not have now, he thought that was something we should do regardless of cost.

Senator Erickson dove-tailed that comment by stating that for some low-income retirees, they would much prefer to stay in their HMO rather than go to traditional indemnity because they would have to pay. If they went to an HMO they had the $10 payment, whereas with traditional indemnity you did not have the $10-12 payment and for a physician's visit you had to pay the doctor bill. So we are suggesting at this point making that open to them, without charging anyone anything.

Senator Kahl then asked whether we were talking about giving them a choice, or were we forcing them into something? Senator Erickson replied, no, it was a choice. Senator Kahl added that he did not see how they could lose if you gave them a choice.

Senator Erickson stated that we would like to at least give them the options for January 2003. If they moved to traditional indemnity it would reduce our costs and that was worth it; it was a win-win. The question at the moment was free plans, except for traditional indemnity where you paid the difference, which was much more of an issue. They would still have the option but they might have to pay for it, as we did.

Senator Kahl then asked whether you could just give them the choice and see how many switched. Senator Erickson felt that this was a good suggestion.

Senator Lee stated that Senator Erickson might have addressed this, but on the cost sharing plans would the idea be that there might be a free plan with reduced benefits versus a catastrophic plan?

Senator Erickson interjected that there were two of them.

Senator Lee stated that his question was whether there was any possibility of saying there might be one basic HMO, the cheapest of those, that would be provided free?

Senator Erickson replied that one of the problems with an HMO of that kind and taking another careful look at the data for Cleveland State, Cleveland State had one basic HMO that was Kaiser. She was saying that specifically, because the problem with using a basic HMO was that the healthy young would choose that one and that was the ideal selection. What they would do next is up the price on the others and we did not save anything. Now Cleveland State had had this system, and with the Kaiser the selection problem was reduced because Kaiser was only available in certain locations. She was not sure whether everyone thought that that would be better, so that was why we had come up with a form of PPO which was in-network that did not have much greater deductibles than our present one but required that you stayed in-network. You could not make it too good or they upped the other ones, and that was the problem. She knew it sounded crazy, but she thought one of our Law School representatives was the one who said the more you found out about it, the more difficult it got.

Senator Erickson then thanked all for their input. She stated that the committee would take this back and if any had other input, to please just talk to his/her own Well-Being Committee members or email her because the committee was only too happy to make sure the agreement had input from everyone.

Senator John had a comment. He was a little perturbed by all the discussions that we were forced to make because of an administrator's mistake to not forecast the increase correctly. Maybe it was not the Well-Being Committee but PBC that needed to be addressing this, but was the University figuring out a way to make up the mistake they had made?

Senator Erickson replied that the committee asked that the UA health consultant report each fall to Well-Being, Human Resources and the Vice President for Business and Finance on likely health cost increases and health insurance issues. The Well-Being Committee then should report this information each fall to PBC and the Senate.

Senator John replied that he understood, but he was just wondering whether they were doing their part to make up for it. That was a futuristic type of thing - what could we do now?

Senator Erickson stated that the second thing we said in September was no way should we be asked to pay in January 2002. At least PBC had said essentially until June 2003, and we said not until 2004 at least.

Senator Broadway commented that we kept saying that there was no increase in health costs in 2002, but if you had gone to the store to fill a prescription, there was an increase. To which, Senator Erickson replied that yes, there was.

Senator Broadway continued by stating that he would like it to be known that there was an increase, although not directly, but we were paying for out of our pockets. He really

wished we would stop saying there had been no change in the cost of health care.

Senator Erickson stated that she would be happy to put that in the report because it was true. As a committee member of Well-Being that was on the subcommittee that looked at the very specifics to put into the health care plan, it was our responsibility for saying we would accept going from 5 to 12 as a co-pay. This was basically because we were told that there was no chance in the world we would get any decent bid on the 5, and if you looked around and talked to Summa and Medical Mutual of Ohio and asked them where the problems were, they said it was with increases in pharmacy costs. She did not mind saying we were already essentially losing our benefits, because that was what it was - we were essentially losing our benefits.

The Chair then thanked Senator Erickson and members of the Well-Being Committee. He called for a motion to adjourn. The Senate voted its approval, and the meeting adjourned at 4:40 p.m.

Transcript prepared by Marilyn Quillin

APPENDIX A

Whereas, the Faculty Senate as delegated by the Board of Trustees of the University, is the legislative body of the university and is empowered to:

1. Formulate suitable rules, requirements, and procedures for the admission, government, management, and control of the students, courses of study, granting of degrees and certificates, and other internal affairs of the institution necessary to meet the objectives of the university in accordance with the established policies of the board;

2. Review, debate, and act upon the recommendations of the planning and budgeting committee with regard to the planning and budgeting calendar, university planning assumptions, the university plan, and the university budget, and forward recommendations to the president.

Whereas, the Faculty Senate as the elected voice of the faculty and campus community has been designed as the necessary and equal partner in shared leadership between the faculty/campus community and the administration.

Whereas, the Faculty Senate has identified instances where the administration has failed to act with the Faculty Senate in matters directly related to its charge as described above, resulting in a failure in real shared leadership, as identified by these non-exhaustive examples:

1. Limited inclusion of the PBC in decisions regarding allocation and distribution of resources;
2. Circumvention of the established process regarding budgetary decisions by not including, in a timely fashion, PBC or the EC as part of the final '01-'02 budget recommendations as well as follow-up to that process;
3. Health Care Cost Sharing Plan, forwarded to the Board of Trustees in Aug. 01 developed with no faculty voice;
4. IT initiatives launched with no substantive input from end-users on campus;
5. Rapid implementation of management software launched with no substantive input into the planning process from those end-users who are dependent upon and directly affected by the outcome (e.g., access to student records for advising, class lists with prerequisite checking financial reporting, student contact information, etc.);
6. "New" budgetary elements (e.g., Technology Fees, athletics, VPCIO) developed and sent to the Board of Trustees July '01 with no input from faculty on campus.

Whereas, in light of these instances the Faculty Senate does not support the administration's public contention that real shared leadership with the faculty has been realized on this campus.

Whereas, the Faculty Senate has informed the administration of said instances and has recommended areas of communication that must be strengthened to enable and enhance the achievement of shared leadership.

Whereas, the Faculty Senate is desirous of improving communication and advancing its relationship with the administration on behalf of the faculty and campus community.

Be it Resolved, that the Faculty Senate reaffirms that as a necessary and equal partner in shared leadership with the administration, it is prepared to work with the administration to redress the identified weaknesses, to pursue the mission of the University, and to create real shared leadership between the faculty/campus community and the administration.

APPENDIX B

REPORT OF UNIVERSITY WELLBEING COMMITTEE RELATING TO DRAFT RECOMMENDATIONS ON HEALTH INSURANCE

1. INTRODUCTION

The University Wellbeing Committee has met many times since they were given the mandate last Fall to review health care insurance to try to reduce health care costs. We have met with representatives of Medical Mutual and Summa to explore ways to reduce costs. Steve Likovich from Watson- Wyatt, the University's health plan consultant, has provided much input in answer to our requests for data, options and scenarios. We have had significant information and invaluable support at all stages from Desnay Lohrum of Human Resources. We wish to thank all these individuals for their help in our work.

2. NATIONAL ISSUES

Overall we found that the problems of health care insurance are complex and difficult.
We were disturbed to find from all interviewed sources and from the literature, that the problem of rising costs for health care and for insurance is a national one. After several years of cost containment in the mid-90's, costs over the past few years have gone up at higher and higher rates. The major reasons given are new medical technology and higher drug costs (drugs now make up 25% of total costs). This past year the average cost increase was 13% and it is projected at 15% per year: we are back to the cost crisis of the late 80's (for more detail see e.g. www.healthaffairs.org) All across the country, employers are trying to deal with this problem, especially with the present recession.
In the short-run, most employers are adding to premiums of employees (85% of private sector employers charge premiums), increasing deductibles and encouraging use of generic drugs with two and three tiered systems of co-pays. This itself is only a partial solution, as more healthy employees then drop coverage and costs of the rest go up.

Clearly the double-digit cost increases cannot continue for many years, and there are new proposals to try to deal with them. One new insurance method is called the "defined contribution account" that is being adopted by some companies. Though only a few employers use it at this time, it seems to be the new "silver bullet" for the future, just as the HMOs were in the late 80's. If that is the case there may be a rapid change in type of coverage. The Committee reports on this plan type for UA later in the report. The other new proposal is to try to reduce the 80% of costs that come from the less than 20% of those covered by a move to disease management and prevention programs. Separate vendors are often providing these services.

3. UA ISSUES: SOURCES OF SAVINGS

When the Committee reported to the Senate early in the Fall, we stated we would examine possible sources of health care cost savings apart from health insurance premiums.

A. STATE-WIDE COVERAGE

Dan Sheffer brought this issue to the Ohio Faculty Council. IUC (Interuniversity Council of Ohio university presidents) has been looking at insurance issues and Tom Shipka of YSU spoke with the Executive Director and their health consultant. There is a multi-university prescription drug plan just starting and IUC is looking at life insurance, long-term disability and other issues including a medical savings plan. Group health insurance is the hardest to convert to statewide, because current plans are so diverse, issues of charges, campuses with their own hospitals etc. IUC is not exploring this option in any major way.

UA has considerable doubts about statewide options because of past and present experiences. In the past there was an agreement for statewide life insurance, with significant savings. Single universities then withdrew, using the potential premium reduction as a lever on their present carrier! UA ended up paying more not less. The present drug plan has similar problems. YSU has

used the rates as leverage for their carrier. Also the Vendor is Advance, our previous carrier, which the Committee agrees has had major problems with reliability and poor service. However, the Committee considers that there are possibilities for catastrophic coverage, of the kind associated with medical savings plans (see later) and for wellness/disease management vendors. In both cases there would be economies in a larger pool, without the disadvantages of individual differences.

B. SPOUSE COVERAGE

The Committee reported in February and March our exploration of the added cost to UA because most private employees charge premiums. As a result working spouses of UA employees choose our health benefits as primary coverage: the problem of "liability dumping". One answer is to pay a larger amount than the present $500/yr as an incentive payment to not choose our coverage. Our consultant reported that the evidence is that only amounts that do not result in savings have any noticeable effect on choices. We then examined the option of covering only the employee free and charging significantly for a spouse. Making the assumption that 15% of the pool would leave the plan, Steve Likovich asked MMO and our HMO's would they change their rates on those left. It turned out that the increase in rates would wipe out the savings! The carriers cited adverse selection (the healthy leaving), but given our limited choice of carriers it could well have a monopoly-pricing element.

C. CHANGE IN DEDUCTIBLES ETC.

In our interviews with Summa and MMO we asked what savings could be obtained by increasing deductibles or co-pays, including those for prescription drugs. For the PPO it is about 2% saving for each $100 increase in deductible. More savings would come for higher co-pays in prescriptions (e.g. $60-70 for brand name) and from restriction to only in network.. With both an increase to $15 per visit and a range of $10 to $40 co-pays for prescription drugs, a reduction of about 8% might be obtained from an HMO. Both representatives expressed concern that such reduced benefits might cause employees to drop insurance. We note that for UA it would need to be a shift of coverage, as all employees are required to show proof of insurance

The Committee took this information into consideration when crafting alternative plans (shown below), but did not explore further the possibilities of reducing benefits. We considered that employees would prefer to have the option to pay a premium for their present benefits.

D. CHANGE IN BID METHOD

We examined this possibility during our meetings in December with MMO and Summa (as examples of our two different types of plans). The problem is that there is no way under the present system of competitive health carrier bidding to set up guaranteed long-term relationships of the kind that UA used to have 15 or more years ago. However, Steve Likovich thinks there are some modifications of the present bidding system that might be possible and cost reducing. We have still to review these possible changes.

E. RETIREE DEPENDENTS

The present health insurance provided free to the dependents of retirees (and to all dependents of future retirees hired before January 1, 1992) is Traditional Indemnity (TI). TI is the most expensive option, with complete freedom of doctor and hospital choice. It is the option that present employees must pay for: that is they pay the difference in cost from the PPO default option. It is being phased out in its present form: only about 15% are now covered by TI nationwide. The monthly costs for this coverage for retiree dependents, although lower than for full-time employees with the same coverage, rose by a significantly greater percentage: 25-30% for those under 65 and 231% (from $76 to $252) for those over 65. At present there are 757 dependents, about half in each category.

The Committee considers that retiree dependents should have approximately the same benefits as present employees. This would still meet the requirement in University regulations that retiree

dependents "will be covered with a comprehensive medical plan". We understand that retirees believed that they had these benefits when they retired, however we feel that it only fair that as situations change for us, it should change for them. We note that STRS pays a COLA of 3% a year so they are not adversely affected by inflation. Also STRS itself is discussing increasing the premiums of retirees, because of the major problem of increased cost of health care.

Retiree dependents face different situations if they are under 65 or over 65, when their basic coverage is Medicare. For those under 65 the Committee is considering that UA should provide HMO, PPO and TI options, as for present faculty, with the difference in cost for TI paid by the retiree/retiree dependent. We note that many retiree dependents might save in the HMO, with no deductibles and small co-pay or the PPO with lower deductibles, 90% coverage in network and 70% outside. For those living out of the area, MMO has a network in most states. Kaiser would cover in Ohio, though there would be a problem for those living out of state. With this option, our consultant has estimated a potential savings of $150,000 per year.

For those over 65, basic coverage is with Medicare (with payments of $54/month). Supplemental insurance has been TI, with prescription drugs covered. Medicare + choice is the other option we suggest adding, which is Medicare + an HMO. All our present vendors offer such a plan. We note that nationwide there have been problems with HMO's dropping >65 coverage. It is not as clear what would be the savings generated by such an option, given the limited availability of HMO's out of state.

The Committee is continuing to consider whether retiree dependents should pay premiums if present employees need to do so in the future. For those under 65,

ANTI arguments are

- No premium on HMO & PPO give greater incentive to move from TI
- Cost of collection of premium could wipe out some or all of the savings
- Fairness to retirees

PRO premium

- Possibility that dependents would move to STRS coverage
- May reduce costs now and more in the future
- would prepare future retirees
- would represent equivalency with present employees

For those over 65, we note additionally that retiree dependents already pay $54/month and that the costs are lower for coverage, but the other arguments hold.

One other option being examined is whether it would be possible and cost effective for UA to pay the appropriate Ohio Retirement Systems to take over their retiree dependents.

F. DISEASE MANAGEMENT & WELLNESS PROGRAMS

One of the few possibilities to reduce health care costs in the long term is to reduce illness and manage chronic conditions so that they do not become acute. Our vendors reiterated the "80% of costs from less than 20% of those covered". About 12 chronic conditions usually affect claims in a major way.

Mr. Hauser from Summa gave us examples of significant savings over a 10-year period from programs like monitoring pre-natal care and helping those with diabetes.

There is a wide range of possible programs, including some that might be undertaken internally, like education through newsletters (e.g. through the School of Nursing). However, a number of them involve specialty vendors for disease management who provide targeted assistance to those with chronic conditions. Although the Committee has not reviewed the possibilities in detail, we

consider these approaches positively. Our consultant states that "it would not be unusual to attain a return-on-investment of $3-5:1 from am effectively designed and administered program.

4. UA ISSUES: POSSIBLE PREMIUMS/CONTRIBUTIONS
The request made to the Committee was to reduce health care costs by $1.6 million. In September a system of premiums were suggested by Vice President Nettling. The Committee understands that PBC is recommending for the 2002-3 budget that no health insurance premiums be charged. We have, however, as requested, reviewed the issue of premiums. Given the projected increases in national health care costs, it seems likely we shall be asked to share these costs at some point in the future.

A. COMPETITIVENESS WITH OTHER UNIVERSITIES
The Committee first considered what was the situation faced by employees of other universities in the state. We were not able to get complete data, but of the 7 universities which provided detailed data, one (MU) had all plans free; two (KSU,UC) had 2 or 3 free; two had 1 free (CSU, OU) and two (WSU,OSU) had none free. Our consultant was able to add a sample of 15 NE/Central colleges and universities where 31% provided 1 or more free plans, 31% provided free coverage for employee not dependents and 38% required contributions for all plans.

B. FAIRNESS
The Committee discussed the issues involved in fairness. In general we considered that a fair contribution was one proportional to income. More specifically, we considered the possibility of employee only free coverage, considering the unfairness of "liability dumping" by some couples. However, given the issues of singles parents and non-working spouses and the lack of savings from the option, the Committee rejected this option. We then considered what would be fair for low-income employees at the university, who would the least able to pay premiums and least able to meet deductibles. We considered that a low but constant premium for an HMO and a free but limited network for a PPO might provide fairness. At the other extreme, we recognized the issues of those who would prefer a free but high deductible plan ("catastrophic"). We are considering recommending the addition of such a plan as well as a free EPO with low deductibles, but within network options only.

C. STRUCTURE OF CONTRIBUTIONS
To achieve fairness, the Committee considers that for each plan (HMO, PPO and TI) for each category (E, E+C, E+Sp, E+Sp+C), each employee should pay the same percentage of his or her income. We consider that it should be possible to calculate this for each salary level, rather than a band of salaries.
Obtaining such a structure may be a problem. Our exploration of the technical feasibility of this method ran into the problem of the priorities for PeopleSoft. IT stated that at best it would take considerable time, time which was not available at the moment. Human Resources considered that there would be a problem with bands for deductibles and % for premiums and suggested increasing the bands to 13.
The Committee is also considering what should be the addition for spouse, children and spouse and children. Should it represent the difference in costs given by vendors? Or add across categories?

D. CAPS ON CONTRIBUTIONS
The Committee, though prepared to consider sharing in costs was unwilling to do so without incorporating a cap on that sharing. Such a cap could be as a % of income or a %of costs of coverage. The Committee sought information from other Ohio universities on the percentage of costs covered by premiums, where these were paid. We list this information below:-

UC	2% (faculty), 7% (all employees) of medical+dental	KSU	7.5% of medical
WSU	8-9% of medical	CSU	13% of medical
OSU	15% base plan premium, 45% others	OU	10% of total benefits

At present STRS charges 10% of the cost to retirees, though this may rise in the future. For a large database including public and private employers, the median contributions were 15% (E) and 20% (E+).
The $1.6 million contribution proposed by Vice President Nettling is 9% of total benefits and 11% of medical benefits.

5. FUTURE ISSUES
A. DEFINED CONTRIBUTIONS
The Committee was provided with information on "defined contributions" by President Proenza and sought further information themselves (see e.g. *Wall St. Journal*, Jan8,2002, *Economist*, Jan 19, 2002, www.hschange.org). In this system employers provide a base amount, say $2000 for employees to use for health care, they then must pay the next say $1000 after which the employer will pay the full or high % of the cost. These insurance products often come with an Internet component to help consumers make medical spending decisions.

Defined contributions may save costs while allowing employees medical freedom. However , there are a number of issues which could be a problem: adverse selection, with increased costs for alternative plans, problems of high costs for doctor's visits, the amount paid, tax issues--. The Committee concluded that UA should wait to see what happened in this field: just like the HMO, it was unlikely to be a silver bullet. .
B. MEDICAL SAVINGS PLANS
The IUC is looking at medical savings plans. In this system, catastrophic insurance is augmented by.a savings plan to provide funds for the very high deductibles. The savings unused roll over to the next year. Tax-free benefits are available under some circumstances. We note this option because it is under discussion for possible statewide availability.