

Minutes of Faculty Senate Meeting

January 22, 2014

Submitted by Senate Secretary, Catherine Seta, Professor of Psychology

Prepared by Amalia Wagner and Catherine Seta, Ph.D.

Caveat: Quotations indicated below are not necessarily verbatim.

In attendance: Umit Akinc, Edward Allen, Sarah Bodin, Daniel Bourland, James Cotter, Kevin Cox, Carol Cramer, Jacquelyn Fetrow, Candelas Gala, Samuel Gladding, Martin Guthold, Michael Hughes, Time Janke, Kevin Jung, Claudia Kairoff, Leslie Kammire, Hank Kennedy, Rogan Kersh, Nina Lucas, Linda McPhail, Emmanuel Opara, Cathy Seta, Gale Sigal, Michelle Steward, Rosalind Tedford, Jeffrey Weiner, Mark Welker

Welcome from President Hank Kennedy

Professor Hank Kennedy reminded the Faculty Senate that the minutes from all the meetings are on the University Faculty Senate website and encouraged all the Senators to view them.

Professor Kennedy provided the following figures in response to President Hatch's presentation on December 11, 2013.

Professor Kennedy stated the following: *These figures are fundamentally correct in that Wake Forest's endowment per FTE student is far less than the four institutions referenced. The actual figures in 2012 for the institutions as a whole including medical schools is: Wake Forest \$151,000; Richmond \$470,000; Emory \$460,000; Duke \$417,000; and Davidson \$303,000. But what was left unsaid was that Wake Forest's position with respect to such comparisons has deteriorated markedly since 2006. In 2006 comparable figures were WFU \$157,000; Richmond \$349,000; Emory \$409,000; Duke \$338,000; and Davidson \$251,000. That is in the past six years Wake Forest's endowment per FTE student has actually declined by \$6,000 while Richmond's rose by \$121,000; Emory \$51,000; Duke \$79,000; and Davidson \$52,000. This comparison is very important. The aggregate value of an institution's endowment is function of three variables: rate of return on investment; gifts to the endowment; and institutional withdrawals or contributions to the endowment. Therefore, one could argue that the aggregate value of the endowment is a barometer of the administrative performance of an institution. The implications of this comparison are quite clear.*

Comment: Return of endowment is a factor, contributions and expenditures.

Comment: The Resources Committee is meeting on Monday with Jim Dunn. We welcome your input and suggestions.

Comment: (Dean Jacque Fetrow) I'm glad you're meeting with Jim but be careful that you are comparing apples to apples. Not all schools report in the same manner.

Comment: The combination of the following factors bear upon the total value of the endowment and need to be looked at, the return of endowment, contributions and expenditures.

Proposed Additions to University Faculty Website:

Members of the Medical School faculty have had difficulty gaining access to personnel policies on the website. H.K. recommended that documents like the Faculty handbook on Reynolda campus (which is accessible) and similar documents from the Medical School be posted on the Faculty Senate website. These documents should be public and readily available to all.

Establishment of New Ad hoc Committee:

Below is a description of the new Ad hoc Committee established by Hank Kennedy, as president of the senate:

The Ad Hoc Faculty Senate Committee on Administrative, Faculty and Staff Compensation (CFSC) will endeavor to gather current and past information regarding compensation (salary, fringe benefits, and merit bonus income) for employees of Wake Forest University (Reynolda and Hawthorne campuses). It will make use of existing public information including but not limited to the annual information provided by the American Association of University Professors (AAUP) and other relevant data routinely made available to federal and state governmental entities as required by respective regulations and law. The CFSC will make regular reports to the Faculty Senate regarding their findings and will be encouraged to contextualize their findings by comparison with other institutions of higher education. The CFSC is charged to work closely with the University Faculty Senate's Fringe Benefits committee.

The chairperson of the committee will be appointed by the President of the Faculty Senate. The committee will also consist of elected members of the Faculty Senate who volunteer to serve on the committee.

H.K. proposes to eventually merge this committee with the Fringe Benefits Committee. In doing so, we would have a place in the Senate to deal with compensation issues on a regular basis.

This is the third Ad hoc committee that H.K. has established and the senate will assess whether it is beneficial to turn any or all of these committees into standing committees. This process requires a formal procedure dictated by the bylaws. H.K. will bring this back to the attention of the senate before year's end.

Questions and comments from the senate floor

Q: Is there an advantage to renaming the committee versus creating a new Ad hoc?

A: No, you still required to go through the same process.

Q: It would be awkward to have a compensation group and a fringe benefits group. Is there enough work for two committees?

A: At the end of the day there will probably only be one committee. To combine the two committees it requires a change in the bylaws, it goes beyond the vote of the Faculty Senate. It must be ratified by all seven schools. Creating the Ad hoc Committee is a way of moving forward and not being delayed by the lengthy procedure.

Q: I hope we will have reports from the various Ad hoc Committees before we vote on their permanency.

A: Yes, they will have formal reports before the end of the semester..

Committee Reports:

Committee of Collegiate Senators: Professor Allen gave an overview of the meeting with Dean Jacque Fetrow held at the end of the fall 2013 semester. In this meeting, Dean Fetrow discussed the nature of the newly formed teaching professional positions and gave an overview of the model of a teaching-professional.

She also discussed her estimate of how many new faculty are needed to meet the College goals. In the context of this discussion, the Dean talked about the dorms, which are in need of a major renovation and how the university is going to pay for it. Dean Fetrow mentioned that increasing enrollment might be an option for meeting this financial challenge. The CS responded that, as Collegiate Senators, we would like to come up with a set of expectations that we want the administration to meet before they start increasing the number of students on campus. In our plan we would like to know how much of the tuition dollars will go toward the academic side and where the university is headed.

Comments and questions from the senate floor

Comment: (Jacque Fetrow) One other thing we talked about at the meeting is that, because this group is working on behalf of the college as a whole, it is also important to report back to the college faculty in addition to the faculty senate.

Comment from senate: Another thing we discussed at length was the status, value and goals of career teaching professionals. What is it? How many do we want? Why do we want them and what do they do to tenure? Dean Fetrow had many compelling things to say that were convincing about having some value to having teaching professionals. She also talked about how tenure for these people would be similar to our tenure but not the same. They would have promotion levels they would achieve and would be equivalent to Associate and Full Professor. They would never be permanent, their contracts would be long and every five years they would have their position renewed. Then the question was raised, what is to prevent this form eliminating tenure completely? I think this is something that still needs to be discussed and the answer was vigilance.

Comment: Something the Faculty Senate should look at is that all faculty should be represented by the Faculty Senate. According to the bylaws, currently teaching professionals cannot be members of the senate. Maybe we should consider this change and they could be a part of the senate.

Comment: Maybe that could be considered but that issue gets into what does it mean to be a senator and what does it mean to be tenured? Can a non-permanent employee be a member of the senate? Can they be a true representative of an institution. This shouldn't be taken lightly.

Q: Are those individual part of the Staff advisory Council?

A: No, they are not staff. The trustees voted that career teaching professionals would be regular

faculty, this is university wide, not just in the college. They are regular voting members of the faculty.

Comment: This is the point I wanted to make, they would be treated the same as other faculty. They would be involved in everything except hiring positions. That's the recommendation of the National AAUP. The concern I have is if we're going to have people there because they add this diversity in terms of being committed to teaching but they're going to be full faculty in all ways then why not be a part of the regular tenure stream and be hired as teaching professional and then give them the same tenure protection we already have. I think that concern should be discussed.

Comment: (Hank Kennedy) Since this policy is already in effect, this may complicate this idea of trying to work out what this policy might be. We are sort of in an awkward position but nonetheless these are issues of great significance.

Comment: What is not set is the percentage of the people on our campus that would meet this teaching professional category. That is what still needs to be discussed and should be part of our plan.

Comment: (Dean Jacque Fetrow) Those goals are in the academic planning model they were discussed with the collegiate senators and chairs of the college faculty (this is college specific). The percentages of different type of faculty have been stated publicly in that model which came out three or four years ago. They are in there and that's what we've been holding to. We discussed it broadly at that time. I still think those are the right goals and would welcome input on this. I would like to make one correction regarding career teaching professionals. They can be involved in all aspects that regular faculty are except hiring tenure track faculty and tenure and promotion decisions for tenured faculty.

Fringe Benefits Committee Report: Professor Peter Siavelis gave some background about the university wide benefits committee. This new committee met in November and the primary focus was about medical costs. During that meeting, there were implications that things weren't going well regarding the balance between premiums and "pay-outs". There is another large scale meeting of this group on January 28. Prior to that meeting Carmen Canales, Bethany Faye and Angela Culler plan to meet and discuss what we might expect at the meeting on the 28th. During the November meeting, it was mentioned that claims are far out stripping premiums to a point that has not been seen before. They pointed to some severe medical problems on campus that have made costs rise dramatically. In the past, the typical response was to make minor adjustments to copays, cost of insurance, or benefit structure, but Carmen indicated that in this phase, some deep cuts to faculty and staff benefits are going to be necessary to offset costs. Carmen expressed the desire to engage in a conversation to get a sense of what are priorities of the faculty in the event that benefits need to be cut or eliminated. We need to be prepared for this debate. Professor Siavelis stated that, as Chair of this committee, he does not feel comfortable making decisions of this magnitude without the input and participation of the entire Faculty Senate.

Q: When they talk about expenses are these one-time big expenses or continuous expenses?

A (PS): I asked a similar question but without the data before me, I am not comfortable answering that. We expect information that is more detailed at the next meeting on the 28th. I

think the situation is one of gradually increasing expenses that we can expect in a particularly bad year. The point was made that in the past when we have had good years there has actually been a reduction in premium.

In the meeting, I expressed to the group that I felt the timing of this was bad in light of SRI last year and morale issues. I also mentioned that we need an attractive benefit plan for recruitment purposes. The concrete plan for the meeting on the 28th is that they are going to present options. Based on this we are going to have to move fast and provide feedback. We need a way to communicate the seriousness of what we are facing and to engage the faculty in this conversation. I have been frustrated with the reality that often there are forums but few people participate and then when changes are made they are outraged. We need a way to communicate the seriousness of this to engage the faculty in this conversation.

Q: Do we know what plans are on the chopping block?

A: I think the conversation about this officially begins on the 28th. We did discuss several different strategies.

Q: Are there any hard numbers ever given with respect to the issue of how much the claims have exceeded premiums? Have claims exceeded benefits before and what happens if there is more money in premiums than is spent? Where does this money go? How much money are they talking about cutting and what is the urgency? These are serious issues. How can we make decisions without data?

A (RT): I was also at the November meeting and what they knew then was that August, September, and October were the highest numbers that they had ever seen. It does appear that they have the data month by month.

We asked for that information at the end of the meeting but never received it. I will follow up and obtain that information. I requested a graph showing comparison of premium costs over benefits paid out.

Comment: Wouldn't you have two things on the expense side? Under the affordable care act our kids are covered until the age of 26. More people will come onto our health plan and that won't go away. That will ramp up and might take four years to reach a maximum. The other ones would be the extraordinary expense. When you have been in the black before what have you done with that money?

A (PS) I asked that question in the meetingabout what have they done with reserves in the past? Bethany said they had a reserve before but not now. I don't know why. Presumably, the ACA should reduce costs but for the short term, there might be some temporary increases.

Comment: The last I heard we were self insuring and what we are paying Blue Cross is just for administration. I think the source of the problem is that a few bad illnesses can really affect our costs. Another thing I wanted to say is that I keep hearing about the 26 year olds, but my understanding is the people 21-26 year are a bonus because they are paying premiums but are relatively healthy. I think we need to be careful about the expenses of the ACA.

Comment: That's not what I'm talking about in reference to the ACA. In the past kids under the age of 26 year old were not insured on our family plan, they had their own policies. Now with

ACA they can stay on the policy and I still pay the family plan premium but they continue to be covered and are an expense to our plan.

Comment: One thing about the family plan issue is that the difference between the premiums for two versus the family plan is significant in the premium that you pay. It would seem to me that it makes the university money because kids between the ages of 24-26 don't usually have a lot of medical expenses yet the premium is more than double for two people. I don't think this aspect of affordable care has hurt the plan. I think the question of being self insured seems to be perhaps an odd model to choose given the nature of devastating medical costs that could occur, the possibility of millions of dollars for an individual, which could hurt or break the system. How does being self insured benefit the university? Does it really save us money?

Comment: I am sure this issue has discussed before, why not be insured with the faculty at the medical school? Because there have been many complaints over the years that the insurance plan on the Reynolda campus is not as good as the medical school.

Comment: No, our plan is better here on the Reynolda campus.

Comment: As a practitioner who treats faculty on both sides I feel that the med cost is better.

Q: Are we self insured on med cost?

A: It is in a way but we own it with Carolina's medical center, bigger numbers and that helps with these types of issues.

Q: Is there a goal that they want to cut?

A: Yes, in the meeting on the 28th we expect to find out the specifics.

Comment: I have a sense that we need to meet and discuss this very soon after the benefit committee meeting on January 28, 2014.

Comment: With the BOT meeting coming up maybe they have already made their decisions.

Comment: (Provost Rogan Kersh) They haven't made up their minds..... let me explain the process which might be useful. After sitting through the February benefits committee meeting, I made some changes this year to the membership and meeting schedule. Subsequently after selecting new members and a chair, we meet in November to get a sense of the process. Then scheduled a meeting in January....can't do it in November because we don't have the numbers for our forecast. It also felt important for the committee to have an opportunity to go over the data and mull it over in detail and genuinely have a process of the faculty engaging in some of the decisions instead of just handing down a decision. This feels like we are joined....., it is not as if a decision needs to be issued on the 29th. It needs to be done with some dispatch but my guess is that you will have some time to come back to the group at the February meeting or before. This is a heavily regulated area and we are obligated to follow sets of regulatory requirements. When there is a surplus, in the past, as I understand, some of that was returned the following year towards lower premiums and some went into a reserve. My guess about the reserve is like many other things that used to have reserves around here, it had to be used to manage the operating budget.

The self-insurance point is an interesting point to bring up. Over the last ten years, a large majority of US universities have moved to this model. It increases risks but greatly enhances control. I hope that this is the ironing out year with the committee and first part of a process that will work much better in the future and make you feel more engaged in these vital decisions.

Hank indicated that we need to pay very close attention to the outcome of the meeting on the 28th and possibly call a special meeting before the next scheduled meeting.

Comment: Would it be useful helpful if we had a sense of the senate motion that the senate would very much appreciate it if HR and Finance could give Peter's committee some concrete data to work on about the costs of the various options.

Hank asked for a second on the motion and Rogan said, "whether or not a resolution was passed, he promised that the information would be provided."

Pete reiterated that he preferred to schedule a special meeting; we need time to discuss this as a collective body not just as the benefits committee.

Hank mentioned that he thought according to the bylaws he was required to give advanced notice (two weeks) in order to hold a special meeting. Hank formally announced that two weeks from today a special meeting would be held providing the benefits meeting on January 28th took place.

There is a motion on the floor to please help us make this decision by providing us data. Rogan indicated that he would guarantee that with or without a resolution. Hank said that this is not a formal vote because there is a formal vote process in the bylaws. This is just to convey a sense from the senate that we are requesting this data from the meeting on January 28th.

Other Business:

Professor Cathy Seta announced the BOT meeting is on Friday, January 31st on the Charlotte campus. Jay Ford and Cathy Seta are on the Academic Committee and welcome any input you may have for us to present.

The next scheduled Faculty Senate meeting is on February 19, 2014.

Adjourned 5:05 p.m.