

The Senator

The Newsletter of the Wake Forest University Senate

Volume 4, No. 3

Tim Smunt, President

Summer, 2002

New Healthcare Plan

Ad Hoc Senate Committee on Healthcare --Win-Chiat Lee, Chair

The Healthcare Committee worked very hard with Human Resources from January to April to come up with a new healthcare plan to replace our QualChoice plan which was due to terminate on May 1. Representatives from the Committee went on site visits with HR to the three potential providers, ACS, United Healthcare and MedCost. We met to sort out and discuss the information we had gathered from these visits. In the meantime, we were also waiting for AON Consultants to come back with cost estimates and the evaluation of these providers.

We met often -- sometimes two or three times a week -- sometimes with and sometimes without HR and the Senate Fringe Benefits Committee in the few weeks before Spring Break and the week after to decide on which provider to use and which plan to adopt. We chose ACS, both for its advantages as a local and small-scale operation and for its potential benefits, mainly in the form of competitive pricing, as part of a large scale operation, NC Blue Cross/Blue Shield, which has recently acquired ACS. The switch to a new plan, by all estimates, would cost significantly more in percentage increase from the year before than the University had determined for its contribution. Unfortunately, we had to work under the budgetary guidelines given by the University and were also asked to stay within the 60%/40% employer-employee split of the cost of premiums. We had to struggle with how to deal with the significant increase in costs under these constraints and still come up with a not-too-unaffordable plan that strikes some balance between increasing premiums and cutting back benefits, especially considering the low salary increase for faculty and staff this year. Furthermore, we also were struggling between different ways of estimating the total cost of the new plan. The new plan, though by no means ideal, is probably the best we could come up with given all the constraints. The new plan regrettably involves a 24% increase in premiums for employees. However, the cutback in benefits is relatively small, mainly in the form of a \$100/person or \$250/family per year deductible. One major gain in this new plan is the larger network of doctors that also covers a larger geographical area. This has made it possible for some employees to pay network prices for health care that previously was considered out-of-network.

There are some remaining issues from this year we have not dealt with. One concerns retirees. The main issue there is that the University has capped its contribution to \$64 per retiree. Another issue is that there are some employees who do not have Wake Forest health coverage because they cannot afford it. We will need to work with Human Resources next year to identify those who fall in that category and consider what we can do to provide some assistance to them. Besides, in a more general way we need to consider the difficulties facing many employees at the lower end of the pay scale in meeting the skyrocketing cost of health care.

Intra-University Operations Committee --Chair: Larry Daniel



Wake Forest is continually growing, diversifying and developing new initiatives. With this growth and fragmentation there may be a loss of community interactions and cooperation. In the discussions of the Intra-University Operations Committee (IOC), several areas were identified where enhanced cooperation could benefit Wake Forest and the community. Biotechnology is an obvious area for potential cooperation. Winston-Salem is developing a growing biotechnology industry with the cooperation of local biotechnology companies, the Medical School and community groups. Participation in this development will provide our students opportunities for practical experience and enhanced learning opportunities. One of the ideas of the IOC was to explore the possibility of interdisciplinary courses. This semester three members of the IOC from

the Medical School, the Calloway School and the Babcock School organized a course on "Biochemistry and Biotechnology" which included business and scientific topics. The course was very popular with an enrollment of twenty students from several departments. However, this course served to illustrate some of the forces impeding intercampus courses. Foremost are the different structures for rewarding teaching among the campuses and the assignment of credit to the department for courses offered.

The IOC will continue to work toward promoting interdisciplinary courses among the science and business departments. Identifying other potential interactions will also be a priority for the committee. Toward the overall goal of enhancing Intra-University communication, the goals of the IOC committee for the year were to:

1. **Organize evening seminars:** *The first symposium on "The Human Genome" was held in January. Future seminars on a broad range of topics are planned.*
2. **Distribute information about campus-wide events by email and web site:** *E-mail has proven difficult since no wide distribution list is available for use. There is a wealth of information available on various web sites. The IOC will work to use the Senate web site to organize this information.*
3. **Organize community meetings:** *The Senate Executive Committee met with staff in a forum that primarily discussed benefits questions. The committee invites suggestions for further meetings.*

4. **Explore the uses and needs for a faculty club:** *Faculty dining rooms have been made available on both the Reynolda and Bowman Gray campus. The larger question of the need for a faculty club remains open. The committee will continue to explore this question. Suggestions and comments are welcome.*

University Oversight Committee --Mark Leary, Chair



The University Oversight Committee monitors the planning and implementation of campus initiatives and projects. Five major capital projects are currently underway. The addition to Calloway Hall is adding approximately 55,000 square feet to the existing building and should be completed in July 2003. At that time, renovation of the existing portion of Calloway will begin, with plans for completion early in 2004. The renovation of the basement area of Benson to house Residence Life and Housing will be completed this summer. The new Health and Exercise Science research facility building, adjacent to the Tennis Center and Groves Stadium, should be finished before fall. The most visible project this summer is the Main Quad Beautification project that will replace the concrete walks around the Quad with brick pavers. Half of the work will be done this summer, with the other half completed next summer. In conjunction with this project,

the stained and damaged limestone and steel railings on the north face of Reynolda Hall will be replaced. The final stages of lead paint abatement on the exterior of campus buildings is also underway. Work on Faculty Apartments, the Library, Calloway, Carswell, Facilities Management, Reynolds Gym, and the Central Heating Plant will be completed during the summer. The major capital improvement scheduled for 2003 will consist of the renovation of the Pruitt Football Wing in the Athletic Center.



Fringe Benefits Committee --Roger Jenkins, Chair

The Fringe Benefits Committee spent most of its time and energies during the past several months working with Ralph Pedersen on transitioning our health insurance. The Committee completed all goals and objectives for the year except receiving and discussing Ralph Pedersen's (on behalf of the University) Long Term Strategic Plan for improving fringe benefits for faculty and staff. Discussion and debate on this plan, particularly retirement benefits and tuition remission for dependents, should be the primary item for next year's Fringe Benefits Committee.

Past President's Column

Mike Hazen

I first set foot on the Wake Forest campus in the fall of 1969 as a graduate student in the first class of a new program. Wake Forest was also new in many ways then. It had just moved to Winston-Salem in 1956 and it had just admitted its first African-American students in 1962. In 1967, it had been constituted as a University and the University Senate was created. The University was starting to evolve from a sleepy North Carolina college into its present status as a national university.

If you examine the debates about the nature of the Senate at that time, you will see many familiar issues. Should it be a faculty or university senate? Should it be a policy-making body or an advisory body? Should it have a relationship with the Board of Trustees? Furthermore, if you examine the 35-year history of the University Senate, you will see a number of these issues reoccur. For example, in 1987, a special Senate committee examined the mission of the University Senate and made a series of recommendations about the role of the Senate in creating the University's agenda, the Senate's organization and relationship to other committees, and the role of the Senate in relationship to the administration and Board of Trustees. In 1997, Herman Eure, then President of the Senate, appointed me, as President-Elect, to head an Ad Hoc Committee on the Role of the Senate in University Governance and Decision-Making. The Committee grouped its concerns into three subcommittees dealing with: 1) the role of the Senate in the selection process for the University's President, 2) the relationship of the Senate with other bodies in the University, and 3) the internal functioning of the Senate. In each of these cases, it was concluded that the Senate was not as effective as it should be and that changes needed to be made. As a result of the reports of these committees, changes were made in the structure of the Senate and a continuing dialogue has occurred with the Administration and Board of Trustees about the role of the Senate in the University.

Over the years, the Senate has had a difficult time getting some people in the faculty and administration to take it seriously. Some have actively criticized it and others have passively ignored the Senate. Should we therefore conclude that the Senate has a limited role to play in the University? No! Let's look at one particular issue, the relationship of the Senate to the Board of Trustees. The original motion of the Board of Trustees that set up the Senate in 1967 was vague about the nature of the relationship of the Senate to the Board of Trustees and the Administration. At periodic points in the ensuing years, various suggestions have been made about the relationship between the Senate and the Board of Trustees. For example, in 1989, a Senate committee chaired by Tom Roberts proposed a plan for the future selection of the University's president. In 1995, under Ellen Kirkman's leadership, a plan was proposed for faculty representation on the Board of Trustees. During the 90s, after an ongoing series of informal contacts between Senate officers and the Board of Trustees, the Board of Trustees adopted a plan in 2001 providing for faculty and Senate representation on various Trustee committees. The hard work of many Senate officers over a long period of time thus succeeded in opening up a new avenue of dialogue between the faculty, administration and Board of Trustees. Until this action, the faculty had no direct access to the Board of Trustees to discuss issues such as faculty salaries and the process for selecting the University's president.

Over the 35 years of the Senate's existence, the University has changed in many ways. It is now a nationally recognized university that is many times more complex in its structure and function. It now has a divinity school, an undergraduate school of business, a graduate school of business and a vastly more complex undergraduate college and medical school. Looking at the history of other institutions and of Wake Forest, it is apparent that these changes can have two unfortunate trends—an increasing

Balkanization of the University and a growing adversarial relationship between the faculty and administration. We have seen hints of these trends in the sense of a loss of community, various university controversies, and efforts to find links between the various campuses and programs. The University faces increasing challenges and opportunities in the upcoming years with the arrival of a new Provost and other anticipated changes. The Senate can play an increasingly important role in facing these challenges. The University Senate is the only forum that brings together faculty, administration and staff from all of the campuses and programs of the University. Now with its new relationship with the Board of Trustees, the only university segment missing is the student body. The bringing of groups together is no guarantee of harmony but a forum for debate and discussion provides the potential for cooperation that is not present anywhere else in the University. So, as Past President, I would say to both faculty and administration, take the Senate seriously; it can make a difference in how our University works and can be a place for making this a better University.



University Senate President's Letter: August, 2002

Timothy L. Smunt, Professor of Management and
Operations Management Area Coordinator

Healthcare Insurance

One of the hottest issues on the Reynolda campus this spring was the pullout of QualChoice from the healthcare insurance market. With only a few months to find a new health care insurance carrier, Ralph Pedersen, Director of Human Resources, requested the support of the Senate Health Care committee. This committee, chaired by Professor Win-Chiat Lee, worked closely with Mr. Pedersen and his staff to review cost proposals and to visit each potential insurer to determine which would best service our community. Many long hours and meetings resulted in the choice of ACS Benefit Services. The health care services in this new plan are comprehensive and the flexibility of the plan is generally much greater than offered to the faculty and staff during the past five years. Unfortunately, premiums have increased 24% and a deductible was added that further increases the overall costs to faculty and staff. In the end, the committee and Senate as a whole supported this choice. The committee worked diligently with the HR staff to keep the increase in premiums to a minimum, given the budget constraints set out by the University administration.

A recent *Business Week* article (May 6, 2002) shows that health care costs are expected to rise 12.7% in 2002, so the 24% increase we saw at our institution was above the national averages. In addition, a recent article in *The Chronicle of Higher Education* (May 3, 2002) indicates that most universities are also seeing a great increase in other type of insurance premiums, like liability, property and workers' compensation. While these premiums are typically a much smaller line item than health care costs, it was not unusual to see 50% premium increases for these other insurances; and sometimes the increase was 300%. A major reason given by the Chronicle's article for the current large increases in premiums was the \$50 billion cost of the September 11 terrorist attacks, which further hurt the ailing insurance industry. Dwindling insurance company reserves were hit hard by the cost of the September 11 events, so premiums were increased to strengthen the reserve pool.

The Senate understands that the University will need to review its budget priorities and revenue plans to accommodate the change in its cost structure due to insurance premiums. We will work with the University administration to provide feedback and recommendations on alternatives that will maintain the strength of the faculty and staff, yet will allow us to be cost competitive within our market niche. Alternatives that need to be considered include not only cost containment measures, but also revenue enhancements. Successful organizations remain successful only when its resources are aligned with their strategy. As a high quality, nationally ranked university, the faculty and staff must be the best available, and our facilities must also be top-notch. In recent years, great strides have been made to improve our current buildings and build new, state-of-the-art classroom and support facilities. Now, we must be sure that the University is positioned so that it can retain and attract the best faculty and staff.

Total Compensation Parity

In addition to bringing salaries in line with our peer institutions, fringe benefits need to be continually evaluated in order to be at least on par with other, comparable institutions. In the same *Business Week* article mentioned above, it was shown that the national average "percent of premium paid by employees" for family employees is about 28%. For single coverage, it is 15%. At WFU Reynolda campus, the percent of premium paid by employees is 40% and at the Bowman-Gray campus, it is 25%. A great deal of additional funding would be necessary to reduce the percent premium paid by employees at the Reynolda campus. The University's endowment is shrinking due to current market conditions and recent tuition increases have been modest. Competitive increases in salary and a movement towards parity in fringe benefits will be difficult in the present situation. Perhaps, a successful capital campaign may resolve the upcoming budget squeeze and provide increased resources for competitive faculty and staff compensation.

Evaluation of Administrators

A discussion of appropriate means of evaluating University administrators, including department chairs and deans, was initiated at the last faculty meeting. We were fortunate to have two deans and a number of current and past department heads in attendance at this meeting. All voiced support of an appropriate system that would provide feedback from faculty on a regular basis. It was noted that the Dean of the College has already implemented his own system for this purpose, and some department chairs also have a mechanism to receive anonymous feedback from the faculty. There is no uniform system used throughout the University, however, for this purpose. The Intra-University Operations committee will be collecting benchmark data this summer and early fall on evaluation systems used at peer institutions. They will make their initial report at the first University Senate meeting in October, with discussions with the whole Senate to follow.

Report Card

Our latest "report card" is shown in the *Senate Initiatives Status* in this issue. Your comments and suggestions are most welcome. As always, I am available to engage in a discussion with anyone who is interested in improving our institution. You may reach me at (336) 758-4423 or at tim.smunt@mba.wfu.edu.

Senate Initiatives Status

August 2002

Initiative	Status
Work with the Human Resources department to upgrade dental, disability and life insurance benefits.	Dental and life insurance benefits have been expanded and improved. Disability contract under revision with TIAA. (TASK COMPLETED)
Work with the University administration on the creation of a day-care center.	The University was investigating less expensive alternatives to the original proposal. However, it appears that day care center construction has been put on hold due to the economic situation.
Continue to work on the Reynolda campus-parking situation.	The University continues to investigate various parking deck construction projects. It appears that parking deck construction has also been put on hold due to the economic situation.
Develop approach to mitigate the doubling of sport events season tickets (due to IRS regulations).	No progress made on this issue.
Determine the possibility of having the Athletic Department formally represented in the Senate.	By-laws change has been approved. It will be presented to each academic unit for ratification. (TASK COMPLETED)
Stagger terms of staff senators. Due to the initial election of all six staff senators at one time, the terms of all will expire every four years.	By-laws change has been approved. It will be presented to each academic unit for ratification. (TASK COMPLETED)
Provost Search	A number of qualified candidates have met with the Senior University Appointments committee and have interviewed on campus. (TASK COMPLETED!)
Medical Insurance Provider Change	The Medical School has chosen MedCost to replace QualChoice as a health insurance administrator. The Reynolda campus, working with the Senate's Healthcare Committee, chose ACS as its health insurance administrator. (TASK COMPLETED)
Work with Human Resources to develop a comprehensive comparison of fringe benefits with peer institutions.	The Fringe Benefits Committee has been meeting with HR and the AON Consulting firm, which has been responsible for gathering the appropriate data. At the moment, two critical areas of deficiency have been found, i.e. retirement benefits and tuition reimbursement. Follow-up on requested clarifications from AON is needed, and the committee will meet in the fall with the Director of HR to discuss a long-term plan for aligning the WFU benefits package with the market.
Unity and Diversity	The IOC committee will initiate discussions on both campuses that address the University's current environment with respect to unity and diversity.
Develop better means of communicating financial and budget issues.	A new ad hoc committee was formed to work with the University administration to develop better means of understanding and communicating current issues surrounding the endowment and budget. This committee has requested particular information from the controller's office.
Evaluation of Senior Administrators	Currently, there is no policy in place for evaluation of senior administrators by the faculty, students and other administrators. The College faculty approved a resolution for such a policy during the spring. The Senate discussed the possibility of a more formal evaluation system. It was decided to have the IOC committee review similar policies at our peer institutions and report back to the Senate at its first meeting in October.