

Minutes of 24 January 2000
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**THE UNIVERSITY OF MICHIGAN
SENATE ASSEMBLY MEETING**

MINUTES OF 24 JANUARY 2000

ATTENDANCE

Present: Bernal, Birdsall, Bonner, Brusati, Castle, Deskins, Dunkle, Erickson, Foss, Gobetti, Juster, Kalisch, Kleinsmith, Kossoudji, Lawson, Lubeck, MacAdam, Malamud, Malkawi, Marcelo, Marshall, Masson, Navvab, Perfecto, Raisler, Robertson, Savage, Scheiman, Schneider, Schteingart, Sheil Taghaboni, Taylor, Teasley, Trumpey, Uribe, Ward, Whitehouse Jr., Winger, Zorn

Alternates: None

Absent: Alcock, Anderson, Andrews, Antonucci, Bartlett, Boyd, Brophy, Burns, Christiansen, Colletti, Dick, Feldman, Guthrie, Harrington, Hart, Jacobsen, Jamerson, Kabamba, Karni, Karnopp, Karr, Konigsberg, Mann, Mateo, Merchant, Moseley, Murphy, Penner-Hahn, Rahme, Rocchini, Rosenberg, Rosenthal, Sears, Sedman, Vicinus, Walker, Wingrove, Wright

Chair Kossoudji convened the meeting at 3:12 P.M.

MATERIALS DISTRIBUTED

Senate Assembly agenda

Draft minutes of the Senate Assembly meeting of 13 December 1999

Press Release: Faculty salary increases average 5.9 percent. News and Information Services, dated 21 January 2000

Tenure Document Revision dated 14 December 1999

Item for Action dated 24 Jan 2000, calling for endorsement of Tenure Committee report

STATEMENT BY S. KOSSOUDJI

Chair Kossoudji read a prepared statement:

How should the senate assembly react and respond to the recent release of salary raise information by the University?

There are three issues we must consider when thinking about our reaction:

the way in which the information is conveyed internally compared with the external release. Internally, we were given the more constrictive information on merit raise pools.

the fact that averages, which are notoriously slippery measures that conceal much more than they reveal, were reported in public rather than more helpful measures such as the median raise or the quartile distribution of raises. Most of us know that averages are highly variable measures that can be inflated with a relatively few high salary increases.

the fact that, without specific remark, the university reported DIFFERENT averages in it's press release, reporting, for example, all salary increases for faculty but only merit increases for deans.

I believe that there is an inherent distortion running through this press release that misleads the public. The university knows that this information will be used to assess the health and well-being of the campus community. The university also knows that its method of reporting has made staff, faculty, and administration salary raises appear to be reasonably comparable. What the university also knows, but did not report, is that if we were to use the same average measure for deans and faculty, we would be comparing increases of 9.78% for the deans to 5.9% for the faculty. Why? Because five deans (law, dentistry, social work, natural resources, and information) received market adjustment raises. These market adjustment raises, which were presumably acquired by bringing in outside offers (the usual method of receiving a market adjustment raise for faculty), are included in the press release measure for faculty, but not for deans.

What can we figure out just by looking at the sheets in front of us? In the deans' salary sheet, we find that 5 of 14 deans received an average 17.6% increase (5 deans were newly appointed). If the university noted that the average for the 36% of the deans who received market adjustments was 17.6% and the average for the 64% of the deans who did not receive market adjustments was 4.6%, we would have better information.

We are left wondering about the same breakdown for faculty. Without more meaningful information we can do nothing but speculate. So lets assume that the faculty look and act like the deans. This means that 36% of the faculty received market adjustment raises that were 3.82 times higher than were the raises of the 62% of the faculty who did not get market adjustment raises. Given the average raise of 5.9%, this means that market adjusters received average raises of 11.3% and the rest of us received raises of 3%.

What else is missing in this report? We don't know. But one message in the university's raise strategy is clear. We should all go out and get outside offers. Otherwise, the university can't figure out how good we are.

CONSIDERATION OF THE MINUTES OF 13 DECEMBER 1999

The minutes of 13 December 1999 were corrected and approved.

VISIT OF ATHLETIC DIRECTOR TOM GOSS

The guest arrived at 3:17 P.M. The Athletic Director pointed out in response to the comments by S. Kossoudji that salary increments in the Athletic Department had been 2.5%. He then discussed a range of issues confronting the Department. Goss said that he meets twice monthly with student athletes from 8 different team sports and he uses the meetings to census opinions and attitudes. He said that a common theme recently has been that not all faculty accept student athlete excuses for missing class owing to sport-related travel. Goss said that he hoped improved communication about the travel requirements could help alleviate the difficulties faced by the students.

Goss said that gender equity has been a primary goal during recent years, and that much progress has been made in implementing new sports for women.

The Athletic Director reported that the NCAA has focused attention recently on basketball reform. He explained that graduation rates had been averaging only 33% in the sport, with most of the problems stemming from attrition rather than from students turning professional. He said that incentives for improved graduation rates have been adopted, with penalties involving loss of scholarships if graduation rates remain low. He added that he favors freshman ineligibility for academic reasons, but that the idea is not popular with much of the NCAA.

Goss said that he had already spoken with SACUA about overtures that have been made to the U-M seeking participation in a football championship playoff. He said that any such playoff would be detrimental to the student athletes because the proposal calls for games during the midst of the final examination period in December. He pointed out that \$3 to \$4 billion was being offered for the playoff, and that the money was a powerful inducement to many of those in the NCAA. He added that so far, only the Big-10 and the Pac-10 have voiced opposition to the proposal. He called for faculty to voice their opinions in defense of academic needs of the student athletes.

Finally, Goss said that his department was trying to find ways to provide football tickets to the hundreds of faculty members who are on ticket waiting lists. He concluded his remarks at 3:45 P.M. and invited questions from the audience.

One member of the Assembly asked Goss to identify the forces that oppose freshman ineligibility. Goss explained that there are over 300 members in Division IA of the NCAA, of which only about 30 institutions share goals with the U-M. He said that

policies are subject to majority vote, and that the U-M is not in the majority. He added that he believed the issue was one where faculty could have a significant voice. Asked how that was possible, Goss replied that final decisions are made by college presidents, and that the president of the U-M listens carefully to the opinions of the faculty. He acknowledged, however, that not all universities seem to share the same values with regard to education and athletics.

A member of the Assembly asked what proportion of scholarships go to female athletes. Goss replied that if football was removed from the accounting, more women are on athletics scholarships than are men. Another member asked about trends in admission of high risk students who are also athletes. Goss responded that he doesn't think there is any trend toward recruiting more high risk students now than in the past. He pointed out that among the more than 700 student athletes that he deals with, over 300 have maintained GPAs above 3.0. He said that he challenges the coaches to recruit better quality students. He noted that the U-M unilaterally initiated academic qualification of student athletes twice yearly, in August and January. He said that the U-M holds the students to performance at the 2.0 GPA level, whereas most other Big-10 universities permit lower GPAs and they conduct academic qualification reviews only once per year.

A professor of Kinesiology commented that despite many years of association with student athletes, none has ever approached him for special treatment, nor has any coach ever sought favors on their behalf. On the other hand, he added, his unit is not interested in being used as a channel for the educational paths of so many of the student athletes. Goss replied that student athletes were mainly distributed across four units, with over 220 in Kinesiology, over 230 in LSA, and about 75 each in Engineering and in Business.

A member of the Assembly asked if it was true that few Division IA athletics programs make money. Goss replied that the majority of schools lose money and that only a handful, including the U-M, are self-supporting. He pointed out that his program receives no support from General Fund or State appropriations. He noted that the program encountered a financial deficit during the last year, but that it had operated much further in black ink the year before that. He said there are few areas where revenues can be increased. Rather, he said there has been a paradigm shift toward reduced costs.

Professor MacAdam asked the Athletic Director to express his opinion about a suggestion that college athletes be permitted to receive monetary compensation for the biggest two sports. Goss replied that he is totally against paying college athletes. But, he added, there should be aid equivalency reflected in the scholarship programs to account for the fact that cost of living is higher in Ann Arbor than in many other places. Professor Deskins related an incident in his experience wherein a student athlete was informed that it was a violation of NCAA rules for Deskins to have given the student a few pages of photocopied handout material. Deskins characterized the rule as difficult to comprehend. Goss replied that the NCAA rules on gifts to student athletes could use thoughtful revision. The guest left the meeting at 4:20 P.M.

ANNOUNCEMENTS

Chair Kossoudji announced:

Parking monitors have been placed at each parking structure during early morning periods.

The tobacco divestment study committee would welcome input from faculty members.

Kossoudji and the Faculty Senate staff are looking at ways to streamline Senate Assembly committee structures.

TENURE COMMITTEE REPORT

Professor Charles Koopmann, chair of the Tenure Committee, introduced the revised version of the Tenure Committee Report, dated 14 December 1999 (distributed item 4). Professor Koopmann expressed thanks to the past and current members of the Tenure Committee for their effort in producing the document.

ACTION OF SENATE ASSEMBLY Jan2000-1

Professor Gobetti moved that the Tenure Committee report be endorsed by Senate Assembly with the following corrections:

1. Section A-3 should read: "The candidate should be apprised annually in writing of his/her progress toward achieving tenure. It is encouraged that within 3 to 4 years a detailed review will be completed and the results presented in writing to the faculty member."

Section A-3a of the draft report should be deleted.

Professor Lawson seconded the motion. The action was approved by show of hands.

BENEFITS POLICY ADVISORY COMMITTEE: PHANTOM INCOME AND DRUGS

Professor Kleinsmith reported that he has been serving this year as a representative from SACUA to the Benefits Policy Advisory Committee. He said that at the first meeting this year he learned about an accounting practice used by university administration that has evidently cost faculty and staff millions of dollars in unnecessary tax payments, as well as having cost university coffers more than a million dollars in unnecessary FICA taxes. He said the practice was the reporting of imputed income from Group Insurance, which

he characterized as a phantom income representing dollars never received by faculty and staff but on which they nonetheless are forced to pay taxes. He said that the tax liability stems from the fact that the reporting practice used by university administration causes the IRS to treat the Group Insurance benefit as though it is a gift from the university, whereas in fact faculty and staff typically pay for about 90% of the insurance expense.

Kleinsmith explained that the U-M contributes \$100 per individual to the cost of insurance, but that individuals are taxed for hundreds or thousands of dollars in market value of the policies, as though they were unpurchased benefits. He said the practice has been ongoing for years and that by his estimation it has cost the faculty more than \$3 million since 1993. He said that in addition to the unnecessary income taxes paid by the faculty, more than \$1 million in unnecessary FICA taxes have been paid over the same period. Kleinsmith said that in December 1999 the Benefits committee approved a motion to restructure the life insurance accounting and reporting, and that currently a specific proposal is being developed. Kleinsmith said that IRS rules permit employees to accept up to \$50,000 worth of life insurance from their employer without tax liability, and that the \$100 contribution per individual from U-M sources could presumably be counted toward that limit. Additional coverage purchased for more than the \$100 premium should then carry no tax liability when it is properly credited as individual purchase.

Kleinsmith reported further that discussion in the Benefits committee had turned to insurance coverage for drugs. He says there is strong motivation to address the matter of drug costs which are rising at 15 to 20 percent per year. Kleinsmith said that sentiment exists for combining all drug benefits into a single administrative authority, and either to (1) require higher co-payments from patients, or (2) exert administrative controls on the types of drugs that will be covered. He said there was serious discussion of setting up a committee within university administration to make decisions on individual cases. A member of the Assembly responded that it would be unprecedented and unethical for such systems, called pharmacy benefit managers, to be administered by employers. Provost Cantor commented that no proposed scenario would go forward without evaluation, and she cautioned against raising anxiety over a proposal that probably would not be adopted.

Chair Kossoudji remarked that drug expenses should not be looked at in isolation from the rest of the health care budget. Professor Gobetti urged that the issue should be listed on the Faculty Governance website in order to solicit opinions and discussion.

NEW BUSINESS

There was no new business.

The meeting adjourned at 5:00 P.M.

Respectfully submitted,

John T. Lehman

Senate Secretary