

The minutes of the October 18, 1993 Senate Assembly meeting were approved on November 15, 1993.

THE UNIVERSITY OF MICHIGAN

SENATE ASSEMBLY

MINUTES OF OCTOBER 18, 1993

ATTENDANCE

Present: Beam, Bike, Birge, Blinder, Brandle, Brewer, Brusati, Bryant, Cameron, Cole, Cowan, Coward, D'Alecy, DeCamp, Didier, Eklund, Ensminger, Fox, Frey, Gidley, Griffin, Irani, Kaplan, Kelley, Kennedy, Kunkel, T. Lee, V. Lee, Levine, Lykes, Maloy, Marich, McNamara, Moore, Myers, Nairn, Nowak, Rodriguez-Hornedo, Rush, Saunders, Scheppele, Schteingart, Shirley, Silverstein, Simms, Sisson, C. Smith, Stein, Warner, Whitehouse, Williams, Woo, Yohannes; MacAdam, Thorson, Stillman, Heskett.

Absent: Awkward, Blair, Brown, Canine, Chiego, Christiansen, Danly, Driscoll, Eggertsen, Elta, Greene, Gull, Katehi, Lomax, Mukasa, Nostrant, Princen, Raymond, R. Smith, Stensones, Tinkle, Tremper; Olson.

CONSIDERATION OF MINUTES OF SEPTEMBER 20, 1993

The minutes were approved with the incorporation of a correction indicated by Kaplan.

FACULTY PERSPECTIVES PAGE SURVEY

At Griffin's request, Didier briefly reviewed the Faculty Perspectives Page background and called Assembly members' attention to a survey distributed to the attending members. She emphasized that this would provide crucial feedback on the effectiveness of the page as a communication mechanism for faculty.

ADDITIONAL COMMITTEE APPOINTMENTS

Griffin reviewed a list of nominations to committees; the Assembly approved the appointment of Anthony Woo, Engineering, to the Academic Affairs Committee for a one-year term, Dennis Papazian, UM-Dearborn (CASL, History) to the Government Relations Advisory Committee for a one-year term, and Linda Daniel, Nursing, to the Committee for a Multicultural University for a two-year term.

DISCUSSION OF FLEXIBLE BENEFITS

David Anderson, co-chair, Flexible Benefits Advisory Committee, summarized the review of flexible benefits on campus which culminated in the formation of the Flexible Benefits Advisory Committee (members: David Anderson (co-chair), Robert Behrens, James Christenson, Robert Holbrook, Chandler Matthews (co-chair), Dorothy Russell, Alan Steiss, Laurita Thomas, and John Tropman). Anderson outlined objectives of a flexible benefits program including:

- helping people understand their options
- increasing individual control

- managing future cost increases, both personal and University contributed
- making additional benefits available at a lower group rate
- responding to people's changing needs.

He presented a summary of the spectrum of flex programs (ranging from coreless to moderate core to substantial core of mandatory benefits), noting the advantages and disadvantages of each type. Anderson described the complexities and challenges facing the advisory committee, emphasizing the importance of communication and education on flex programs for the University community. Noting that the advisory committee did have a consultant working with them, Anderson concluded by reporting on the communication process to date.

Roy Penchansky, Professor of Health Service Management and Policy in the School of Public Health, reviewed the key points in his article on flex benefits from a faculty perspective, appearing as part of the Faculty Perspectives Page in the University Record. (A copy of the article was distributed to the Assembly.) He stressed concerns that risk would be transferred from the university to employees unless there was a guarantee that employees' benefits accounts kept pace with price increases. He questioned whether the size of the account would be related to the benefits needs of the employee which could vary greatly by age and family composition, and noted that very few universities currently had flexible benefit plans. Penchansky suggested that Anderson's presentation confirmed concerns that the advisory committee's role was one of "selling" the idea of a flex plan, rather than fostering meaningful discussion and examination.

John Tropman, Chair of CESF and a member of the Flexible Benefits Advisory Committee, summarized the history of CESF's review, reporting that CESF had agreed to not prejudge a plan, and to solicit as much input as possible. CESF identified critical questions, including:

- who controls the increases in flex benefits costs?
- who would benefit and who would lose under such a plan?
- who does not currently take benefits?
- what are the real prices for proposed benefits?

Tropman invited e-mail or calls on the issue, assuring Assembly that confidentiality would be maintained. He concluded by describing the New Pay Committee, a joint CESF-administration committee formed to look at new ways to pay faculty. The committee is currently looking at base pay, augmented pay, fringe benefits, perks, works (money to carry out necessities of the job), and the possibility of separating raises into cost of living adjustments which would come from the University, from merit adjustments which would come from the department. The committee will have a report completed by January suggesting ways to be more strategic in the way faculty are paid.

Griffin invited questions and discussion from Assembly.

Kaplan asked how many institutions had established flex benefits programs. Anderson responded that the committee had looked at programs at Pittsburgh, Carnegie-Mellon, Nebraska, Oregon, and Dartmouth, among others, noting that the committee had not identified a model as yet for an institution the size of Michigan.

Levine asked for clarification of Senate Assembly's role in this review. Griffin replied that all segments of the University have an interest, including the faculty, in the review and that the discussion had been scheduled for Assembly to ensure that faculty were not left out of both the review and decision.

DeCamp suggested that the first question was to determine whether one of the options was to permit employees to retain precisely what they currently had in terms of a plan. Anderson responded that was ultimately up to the executive officers, the advisory committee was not a decision-making body. He further indicated that his guess would be no, but that any shift to a flex plan would not involve a large number of employees right away; there were, for example, groups of employees with bargained-for benefits. Griffin suggested that Assembly might recommend that flexibility of choice was important.

Penchansky reiterated that the biggest issue was who would set prices, noting that faculty didn't have a bargaining unit per se.

Kelley asked if one of the options under consideration was to revise the current plan to permit coverage for non-dependents. Penchansky indicated that this was governed by IRS regulations and that there were some statutory limitations. Tropman added that some universities had moved to coverage of gay and lesbian couples; CESF had supported the inclusion of additional family members.

Anderson reported that a series of focus groups would be held for employees, providing a forum of worthy exchange on this subject.

Yohannes asked if the University had full control of prices relative to the premiums charged by insurance companies. Anderson replied that he would prefer to see the prices in actual dollars so that employees could see what they were getting into. A further question addressed the possibility that the University might actually charge \$400, for example, for a price that was only \$300. Penchansky replied that this would depend on the selection of benefits, that the prices would need to be set for over selection of some benefits.

Whitehouse suggested that input from the focus groups would be more helpful if they were used a second time when the choices were more specific.

Beam asked if there were a group or specific individuals who could speak to groups of faculty on this subject. Penchansky suggested that the review needed to be done directly by the faculty rather than using the consultants. Anderson replied that members of the committee are available or would attempt to find someone suitable to speak to a group.

Didier asked Penchansky and Anderson what attention had been given to protecting core benefits, the "safety-net" concept. Anderson responded that the committee had moved to a no-core recommendation for some items, e.g., life insurance, but a preference for core in relation to others such as health care. It was noted that people would be understandably concerned about making an adverse selection and that the cost of a counseling function might have to be factored in.

Penchansky reminded Assembly that if benefits are not used, they don't cost anything and that as you reduce people in a pool for any particular benefit the costs would go up.

Scheppele expressed puzzlement that the subject was coming up for discussion, noting that Senate Assembly had reviewed the idea of a flex plan and rejected it four years ago. She pointed out that there was a national trend, evidenced by the health care plan proposal, to move to a larger and larger risk pool. She further suggested that faculty were

even less happy now with compensation and would be even less likely to want to consider assuming a greater risk of benefits costs.

Griffin responded that faculty are only part of the university employees and that, since the issue was under review on campus, it appeared unacceptable to say that faculty wouldn't discuss this.

Provost Whitaker noted that compensation comes in two packages, salary and benefits; the question was one of whether people should have some choices.

Griffin thanked Anderson, Penchansky and Tropman, inviting Assembly to send him suggestions about the process for review in SACUA. He reported that CESF and the Advisory Committee were receiving key questions.

#### REPORT ON "CONFLICTING OBLIGATIONS IN HIGHER EDUCATION" SYMPOSIUM (TOM DUNN)

Tom Dunn (Professor of Chemistry, immediate past chair of the Academic Affairs Committee) reported that the symposium arose from a discussion in the Academic Affairs Committee (aac) and from the Provost's report that legislatures approving budgets appeared to be exacting a greater quid quo pro for their generosity. The aac suggested a symposium with speakers from the state and federal legislatures, regents, faculty members, and members of the business community. Robben Fleming will serve as moderator for the symposium, currently targeted for late January or early February. Dunn indicated that he expected to report the exact date soon.

#### ANNOUNCEMENTS

Griffin noted that announcements had been distributed in the packet of materials sent to Assembly members. He outlined upcoming Assembly agenda plans including President Duderstadt's scheduled address in November, and the expectation of having the RPC recommendations regarding the research scientist track for Assembly review in December.

Didier reported that the Medical Affairs Advisory Committee (MAAC) is planning a series of sessions to educate the campus on changes and implications of the Clinton health care plan proposals. (MAAC is chaired by Marilyn Rosenthal.)

#### OLD AND NEW BUSINESS

There was no old business or new business.

#### ADJOURNMENT

The Assembly adjourned at 4:50 p.m.

Respectfully submitted,

Barbara MacAdam  
Senate Secretary