

Minutes of 11 November 2013 SACUA
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THE UNIVERSITY OF MICHIGAN
Senate Advisory Committee on University Affairs (SACUA)
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Present: Holland, Koopmann, Larsen, Masten, Mondro, Oey, Olsen, Staller (chair), Ziff, Lehman; Schneider, Snyder

Absent: none

Guests: K. Canning (LSA History Chair), *Daily* reporter, *Record* reporter, *AnnArbor.com* reporter.

MATERIALS DISTRIBUTED

1. Draft agenda.
2. Draft minutes of 4 November 2013 SACUA.
3. Electronic mail message from S-M Weineck to UM executive officers dated 1 November 2013 regarding Urgent Questions and Concerns Regarding AST
4. <http://hr.umich.edu/oie/index.html>, <http://hr.umich.edu/oie/mission.html>, <http://hr.umich.edu/oie/office.html>, <http://hr.umich.edu/oie/ndpolicy.html>, <http://hr.umich.edu/oie/complaint.html>, <http://hr.umich.edu/oie/Complainant2013.pdf>, <http://hr.umich.edu/oie/Respondent2013.pdf>, <http://hr.umich.edu/oie/discrimination/harassresol.html>
5. Remodeling in 3-D, by R. A. Miranda.
http://www.nacubo.org/Business_Officer_Magazine/Magazine_Archives/January_2012/Remodeling_in_3-D.html#.UnwTkqSwJY.email
6. Draft Key Changes in Model Grievance, dated 4 October 2013.
7. Draft resolution item for action.

Chair Staller convened the meeting at 3:14. The proposed agenda was modified and approved.

CONSIDERATION OF MINUTES

The draft minutes of 4 November 2013 were corrected and approved.

Announcements-

1. The Senate Assembly will meet on 18 November 2013.
2. Guests at future SACUA meetings will include Provost Pollack (25 November), Regent Julia Darlow (2 December), and President Coleman (16 December).

ADMINISTRATIVE SERVICES TRANSFORMATION (AST) UPDATE

Chair Staller asked Professor Olsen to provide an overview of shared services transformations underway in LSA. Professor Olsen stated that most LSA departments will be losing all of their HR and business personnel, though the individuals will be allowed to apply for positions in central service centers. In LSA there will also be regional centers for some service personnel. SACUA members exchanged what they have heard indirectly about the changes and a resulting state of confusion.

Professor Canning arrived at 3:29 P.M. She provided additional background to accompany distributed item 3. She said she was not acting on behalf of the LSA chairs or as a spokesperson, but was responding to a request from SACUA for information.

She said that the LSA chairs were first informed in late September about the details of AST, and were concerned from the first discussion that it was timed to coincide with the kickoff of the Capital Campaign. She said that the chairs were told not to divulge the information they received to faculty, staff, or each other, which added to a general sense of alarm. She said that distributed item 3 arose from a set of three major concerns:

1. (1) The process of developing and implementing AST was rapid, top-down, and lacking in transparency and consultation. Its origins were clouded, and the fact that chairs were subject to a gag order was alarming.
2. (2) The staff who will be affected directly are low pay grade females with only high school educations. The possibility of layoffs is real, considering that AST will result in 50 fewer positions. The reorganization creates new job categories, many at lower pay grades, for which existing employees must compete. The result has been a funereal atmosphere in which rumor and insecurity among a demoralized staff is harmful.
3. (3) The expected outcome of \$17 million per year in savings was unrealistically high. The true savings might be \$5 million per year at most. That level of savings might have been achieved through attrition or internal reorganization. The cost-benefit analysis is not clear. Significant clerical tasks are increasingly being delegated to faculty, and science chairs are losing more personnel than non-science chairs.

Professor Canning said that about 18 LSA chairs met with Provost Pollack, CFO Slottow, and Laurita Thomas the previous Thursday (7 November). She characterized the meeting as a good one. She said the executive officers conceded that they could not say how much money will be saved. The chairs told the executive officers that communication has been poor, and that there has been a loss of trust by staff for faculty, and by faculty for administration. They asked that the process be slowed or stopped until there is a new president and a provost with longer experience in rank. She said the executive officers listened and seemed to realize the process is very painful, but she said she doesn't expect the initiative to stop.

The guest said that experience with AST at other universities has not been positive. Many chairs believe that the UM's reputation as a good place to work is in peril. Both staff and faculty who have the opportunity may leave the university. She reported that there is simmering anger among faculty and graduate students in some units.

The guest left the meeting at 3:55 P.M.

BENEFITS

Professor Masten moved (Holland seconded):

ACTION OF SACUA 111113-1

RESOLVED. SACUA recognizes the importance of keeping higher education affordable and supports sound policies to contain costs while preserving the qualities that have made the University of Michigan an outstanding institution. Given that maintaining Michigan's reputation and status as a top public university depends, above all, on the attraction and retention of the best faculty, the University must remain competitive in salary and benefits. For the following reasons, we believe that the recent proposal to reduce University contributions to faculty retirement will hurt the University in its competition for faculty while yielding little or no cost savings and is therefore detrimental to University's mission of providing affordable, high-quality education and world class research:

- Because the analysis underlying the report was performed by an outside consulting firm, Aon Hewitt, whose methods are proprietary, no one outside of the contractor knows, or can know, how the various adjusted figures in the contractor's report were arrived at. Given the sensitivity of such indices to the methods and weights used, it is impossible to assess whether the resulting indices are sound and appropriate indeed, to know what these figures represent at all without knowing the methods and assumptions the contractor used to construct them.
- The conclusion that the University's contribution exceeds that of its peers appears to be based on a comparison of the University's unadjusted contribution with an average of adjusted contributions of peer institutions as calculated by Hewitt. Using comparably adjusted figures under one of the firm's methods, the difference in contributions between the University and its peers all but disappears.

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| <ul style="list-style-type: none">• <input type="checkbox"/> A direct comparison of unadjusted employer contribution percentages for a typical faculty member at Provost Peer Group institutions shows Michigan's current faculty retirement contribution to be equal to or less than all but a relatively small number of institutions at the bottom of our peer group. |
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| <ul style="list-style-type: none">• <input type="checkbox"/> According to the Hewitt analysis, the value of the University's total benefit package is precisely at the average of the Provost's Peer Group. Reducing the University's contribution from 10% to 9% would, therefore, even according to the Hewitt analysis, put the University at a competitive disadvantage relative to our peers with respect to benefits. |
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- Any anticipated savings from reducing benefits will be, at best, transitory. Because faculty location decisions depend on total compensation, attracting and retaining faculty will require the University to offset inferior benefits with higher salary offers.

Moreover, given the differential tax treatment of salary and benefits, reducing benefits is likely to result in the University having to spend more in total compensation to maintain a given quality of faculty than had it retained the current contribution level.

- □ Over the longer term, actions that reduce the assets faculty have available in retirement (and other actions making retirement less attractive, such as increases in retiree health costs) may lead some faculty to postpone retirement, further increasing costs to the University.

Discussion of the Active Motion: Professor Masten said that reducing benefits is a false economy because people make decisions to join or stay at the university based on total compensation, not benefits alone, so compensation will have to increase in other areas and therefore the expected savings will not materialize.

Vote on the Active Motion:

number approving- all
number disapproving- none
abstentions of record- none

SACUA members called for the Action Item 111113-1 to be distributed to the benefits committee, the four sponsors of the benefits committee, and to Senate Assembly.

OFFICE OF INSTITUTIONAL EQUITY AND GRIEVANCE ISSUES FOLLOWUP

1. 1. OIE- SACUA is awaiting a promised report about the origins and justification for the process used by OIE. Members expressed unease with the lack of an appeal process, and suggested that their concerns be transmitted to the General Counsel advisory committee.
2. 2. GRIEVANCE POLICY- Chair Staller reviewed instances where unit policies diverge from the model policy that was negotiated between central faculty governance and central administration. For example, two schools are populating the external members of grievance panels in an ad hoc manner. In other units, even if the policy is on the books it is not evident that policy is implemented. Professor Masten recommended that SACUA discuss its concerns with the provost. He also suggested that SACUA inquire about the terms of deans' appointment letters, and in particular any guarantees of autonomy.

LIAISON REPORTS

CFO advisory (Larsen) The committee is not meeting.

CESF (Masten)- The committee has not met.

University Secretary advisory (Koopmann)- The committee met, but the meeting was mainly organizational.

General Counsel (Oey)- The committee declined to review Regents Bylaw 5.09 as proposed by Professor Frier.

Communications (Ziff)- L. Thomas attended a recent meeting and suggested how best to communicate the advantages of AST to the university community.

Research Policies (Ziff)- The committee is interested in developing recommendations for the next president about the role of the VPR, including whether the position should become that of an executive vice president, as well as the roles of associate VPs.

Government Relations (Oey)- The committee discussed town-gown relations, but that was before the recent billboard issue arose. SACUA members expressed an interest in having the committee to discuss the billboard issue.

Chair Staller let SACUA know that it can transmit agenda topics to committees as issues arise.

The meeting was adjourned at 4:55 P.M.

Respectfully submitted,

John T. Lehman
Senate Secretary

University of Michigan Bylaws of the Board of Regents, Sec. 5.02:

Governing Bodies in Schools and Colleges

Sec. 4.01 The University Senate

"...[t]he Senate is authorized to consider any subject pertaining to the interests of the university, and to make recommendations to the Board of Regents in regard thereto. Decisions of the University Senate with respect to matters within its jurisdiction shall constitute the binding action of the university faculties. Jurisdiction over academic policies shall reside in the faculties of the various schools and colleges, but insofar as actions by the several faculties affect university policy as a whole, or schools and colleges other than the one in which they originate, they shall be brought before the University Senate."

Rules of the University Senate, the Senate Assembly and the Senate Advisory Committee on University Affairs:

Senate: "In all cases not covered by rules adopted by the Senate, the procedure in Robert's Rules of Order shall be followed."

Assembly: "The Assembly may adopt rules for the transaction of its business. In appropriate cases not covered by rules of the Assembly, the rules of the University Senate shall apply."

SACUA: "The committee may adopt rules for the transaction of its business."

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