

Faculty Senate Minutes
Monday, February 27, 2012
Misner Room, Collins Library

Senators Present: Steven Neshyba, Tiffany Aldrich MacBain, Fred Hamel, Bill Barry, Elise Richman, Gareth Barkin, Mike Segawa, Keith Ward, Kriszta Kotsis

Guests Present: Lynette Claire, Renée Houston, Bill Breitenbach, David Sousa, Richard Anderson-Connolly, John Hanson, Cindy Matern, Shannon Briggs, Alyce DeMarais

The meeting was called to order at 4:03 p.m.

- I. The February 20, 2012 minutes were approved with minor changes.

- II. Conversation with Senate Ad Hoc Committee on Benefits (SAHCB)
 - a. Hamel requested of the SAHCB its perspective on the recent proposal of the Benefits Task Force (BenTF).
 - b. SAHCB Chair Claire reported that the SAHCB did not issue a statement because members weren't of one mind on the proposal. She said that some in the group thought that this proposal may be the best we will be able to do, given the budgetary constraints faced by the university at this time. Some believed that faculty and staff were promised an exchange when they were hired and that it's up to the trustees to find out where the money comes from in order to honor that promise. Claire isolated two points in the proposal that the group voiced concern with in its contact with the BenTF (after the draft of the proposal was released): the SAHCB questioned both the value of waiting until 2016 to begin the new system—a concern to which the BenTF responded by changing the date to 2012 in the final version of the proposal—and the 20-year period for full vesting to qualify for the \$10,000 cash grant—a concern to which the BenTF responded by changing that figure to 15 years. After Claire expressed the responses of the committee, each member spoke to her or his own reactions to the report rather than on behalf of the committee as a whole.
 - c. To Houston, there didn't seem to be a lot of support from upper administration to put an exchange in place. She never had the sense that Ron Thomas, Kris Bartanen, and Sherry Mondou were willing to put their whole effort behind creating a new exchange model with the schools generated by George Mills and Claire. She closed on a hopeful note, saying that, given that it would be a long process to get a new exchange in place, it could still happen at Puget Sound.
 - d. Breitenbach said that if the proposal goes through the Board of Trustees, we're no worse off than we were at the beginning of the year. And we now will have 75% tuition exchange at the schools that had been closed to us before, and a cash grant at other institutions, two fixes that solve the immediate problem. He said he finds this to be a more egalitarian or democratic educational benefit: more people will be able to use it at more

kinds of institutions. To Breitenbach, if we had drawn a line in the sand, we would perhaps have a tuition exchange with one school—a Pyrrhic victory. He closed by saying that he presumes that the BenTF was doing its best and was seriously committed to creating a tuition exchange that would work, and that he “feels pretty good about this” proposal.

- e. Sousa said he is of “two minds on this.” Given the constraints the BenTF faced, and the constraints the university faced in building a new exchange, the proposal on the table is the best the BenTF could do. Under the apparent constraints, it is (assuming the closing of the doughnut hole) a good proposal and he supports it. But he does think it’s important to acknowledge publicly that we as an institution have lost something incredibly valuable and that has served lots of people and the university well over the years, and that even with the grandfathering the end of the NIC exchange shifts significant costs to families. He said that he was concerned that at a recent presentation from the BenTF that it seemed to him that the group seemed focused on the complications involved in building and maintaining an exchange. We should remember that the NIC, however flawed, operated for 30 years, not a bad performance. Despite his frustration with the collapse of the exchange and of efforts to build new exchange relationships, he said that he can live with the BenTF proposal.
- f. Anderson-Connolly said that he finds the proposal a “terrible deal, a betrayal of the commitment” made by the university to faculty and staff. He urged those present not “to make excuses for the failure of leadership here and at the other schools.” He added, “This thing didn’t have to fail—people killed it.” He drew upon the example of Jim Schwartz and the ACM to show that an exchange model can work. Critical of “our leadership and ourselves,” he said that with administrative leadership and faculty buy-in Puget Sound could have followed that path. He said that he would like to see the Faculty Senate say that it endorses the recommendation of the SAHCB rather than the BenTF. Down the road, he would like to see a shift in how these things are done: the SAHCB should have been the body to do this work and that the dean and the CFO should not get to “hand-pick who gets to work on a committee like the BenTF.” He closed by saying that he does not know whether or not it’s too late to fight.
- g. M(Ward)/S/P to acknowledge the ad hoc group for the hard work they’ve done within the difficult situation within which we put them.
- h. Barry and Neshyba posed this question to the SAHCB: Will you continue as a committee beyond this moment? Claire replied that the committee members want to go into dormancy until the trustees vote on this issue. Segawa asked, “If they do pass this, will you go into ‘extinction?’” to which Claire responded, “Yes.” Barry said that the comments suggest that the issue of an exchange could still be pursued but realized that it may not be fair to “re-up” the ad hoc committee every year to pursue this. Houston said that it may be worthwhile to have a committee to check in and see how the benefits solution is moving forward—a system of checks and balances. Claire added that the creation of an education benefits committee, raised by the BenTF, should include a

strong faculty presence—a majority of faculty, in fact. Nesh said that we should also discuss who would appoint those members.

- i. Hanson announced that he was here to hear how people feel and maybe respond to questions. The formal report, which will be out in a few days, will contain a fix to the problem of the “donut hole.”
- j. Matern said that Thursday is the deadline to submit the report to Cabinet. The majority of feedback the BenTF has received are on the two issues isolated by Claire, so they revised the proposal based on that information. She said that when they began this work they were given the benefits philosophy statement—that the benefit be affordable, sustainable, and budget neutral. She said that, across the board, they couldn’t get an exchange set up in time for internal deadlines, so they moved forward with the tuition scholarship
- k. MacBain asked if anyone has requested additional funds from other budget areas—areas outside the control of the Budget Task Force. Matern said that no one had.
- l. Barry asked about the donut hole: How much consultation has there been within the BenTF about this problem? Matern replied, “A lot,” but that the discussion has centered on budget-neutrality.
- m. Anderson-Connolly said that he has been thinking about the difficulties of modeling and the imperfect science that is accounting in the current environment. Since benefits are supposed to help with recruitment, productivity, and retention, he assumes that this switch will lead to cost in all three. He then said that when an employer violates a contract, employees respond in certain ways that are not favorable to the organization. According to Anderson-Connolly, and supported by Claire, an “organizational scholar,” this whole notion of budget neutrality assumes that humans will not act like humans. In reality, there will be costs. Claire said that, given the practical reality that what most of us thought was a 100% tuition benefit is no more, there likely will be lessened productivity, particularly during the years in which faculty and staff have to supplement their familial incomes during the college years.
- n. Ward observed that a theme of this conversation is that we’re working to do “the best we can do.” Therefore, we are dealing with a compromise, a compromise that he wants to recognize that the BenTF has worked long and hard to negotiate. That compromise came about because the university was in a situation in which there was trouble on the horizon, and “when things should have happened, they didn’t.” He hopes that as we go forward, we monitor very carefully whatever system we have in place. He noted that the situation in which we find ourselves now results from “a breach of trust.” He submitted that, as we go forward, we should also distinguish between what is predictable and what is manageable. He said that we appear to be choosing to go with a predictable model, one that doesn’t look at the organizational complexities of dealing with humans, with families. But we must consider looking at this benefit as something that we can manage; it must do more than look good on paper. He voiced concern with the whole issue of shifting

costs, recalling that Sousa had mentioned that this benefit will cost faculty and staff roughly \$10,000/year as they send their students to college. Said Ward, that's going to be hard enough on professors; what of those on a lower pay scale? A benefit is being taken away from an entire constituency in our community. On top of this change, he continued, we are going to a residence model, in which we require two years of residence: what if someone cannot afford room and board? He is concerned that a cash benefit would be no benefit, a distinction that becomes problematic when we are recruiting and talk about this benefit that is there but isn't there. Finally, he said, he hopes that we continue building a consortium. While he trusts the work that the BenTF and the SAHCB did, he finds it hard to comprehend that of the 27 liberal arts colleges on the West Coast identified on page 3 of the BenTF report, none are interested in building a consortium. About this claim, he would love to learn more: what schools were they? what were the reasons they opted not to join forces? Segawa stepped in to assure Ward that it is being recommended that present faculty and staff will not be required to do the on-campus residency. He said that, overwhelmingly, most of their students do live on campus, but we know that it will not be financially feasible for some. Briggs asked if this choice will be grandfathered under the terms of the new proposal, and Segawa agreed that was the intent but not all the details of this issue had been worked out.

- o. Barry said that it seems that there's been a kind of desperation around this whole process. He wonders whether it has less to do with leadership and more to do with the fact that we could not put together a complex relationship quickly. If we continue to push on this front, there might be hope of establishing an exchange. Hanson agreed that the BenTF has felt rushed. He said he could almost guarantee that this is not the best proposal that could have been created given more time. But there was this sense of urgency: there are people who have children who are going to school next year. For this reason, said Hanson, we need in an ongoing fashion to continue to look at this solution; this is why the BenTF has pressed very hard for an Educational Benefits Committee. We might realize after a few years of research that we need to try something else. At present, the key goals are to monitor this solution over time and to seek exchanges in order to make things better.
- p. Sousa agreed in general that that should be one of the purposes of this committee, but without including administrators, the committee doesn't have the heft to negotiate these exchanges. So if there is to be faculty pressure for ongoing efforts to reconstruct an exchange, that pressure must be upon our administration. Returning to MacBain's question about budgets, Sousa said that "the elephant in the room is the budgeting, the accounting of the cost of educational benefits here." He said, "There's a fiction that somehow we're expending \$2.4 million on educational benefits. What does this really cost the institution in real dollars expended? The number cannot be 2.4 million—it wouldn't be even close to that. This has been one of the stonewalls around the budget neutrality."

- q. Kotsis asked how the \$10,000 cash benefit came about and whether there has been a discussion of what happens as a result of new faculty coming in. She said that a lot of people might decide to send their kids only here, which might balloon the enrollment here at Puget Sound. She wondered if that could be sustained? Matern said that she wanted to make clear that “we are not guaranteeing that the benefit will always be here. Benefits are subject to change at the discretion of the Board of Trustees. If there isn’t enough money to sustain costs, things will be cut back. Puget Sound’s remission is the last thing to be removed or reduced, but the board has the discretion to reduce that benefit as well.” Claire asked if this practice included grandfathering too, to which Matern replied, “Yes. Should we not have an incoming class, should we not have money in the budget, then things will be adjusted—we have to stay solvent and open. Of course, our intentions are to pay exactly what we set out to pay, but changes could happen. And hopefully we’ll have campus conversations about where best to make those cuts should we need to make them.”
- r. Ward said that he accepts that benefits are not guaranteed, though this benefit was promised to many of us as a guarantee. And he accepts that this is a compromise, and that to move forward we must be fiscally responsible. But to him there is an ethical responsibility to honor commitments made when a person was employed. Matern said that the grandfathering of this benefit to the best that can be afforded with budget neutrality speaks to that obligation. She said, “If the budget would have supported 100% remission to the NIC schools, that would have been terrific, but it didn’t. It’s also very important that Puget Sound retain competitive benefits in order to recruit. I’m in favor of the recommendation that Hanson spoke of, of having these things monitored and being reported on annually. These ought not to be secrets.”
- s. Barkin said that there’s an inherent benefit to an exchange in that everyone is exploiting those extra spaces in a classroom, so in a sense it’s a benefit economically if we do not assign absolute value to each person. In fact, it seems as though we would be paying more out of pocket by paying this 75% than if we were to employ the exchange method. His question was: If that is the case, why do you think that there was a sense from the administration that they didn’t want to pursue an exchange going forward, when in fact it would be a way to provide a better benefit at similar or less cost? Hanson said that Barkin was “absolutely right” in his calculations. Hanson said that he tried to raise this very issue at one point but found that “it was essentially off the table for what our committee was asked to deal with.” He said that the committee thought it would be better to have an exchange. He does not believe that there wasn’t a good-faith effort to pursue the exchange, but he does think that there was a problem with trying to get one established quickly, and that there’s a huge anxiety about the current budget climate in higher education and a disinclination to take a risk that may even benefit you. He offered that this benefit may be leverage for later on, for the better benefit might save money for the university.

- t. Hamel asked if there are two phases of the benefits package slated to start in 2012: 1) Starting in 2012 will there be a choice between cash grant and 75% tuition; and 2) At some point, will people grandfather out of that so that the only remaining benefit will be the cash grant? Hanson said, “No. For one, there’s every expectation that as the NIC grandfathering sunsets, there will be money in the budget available to increase the cash grant.” (This response addressed Kotsis’s earlier question about why it was set at \$10,000 initially. It came out of the SAHCB’s proposal: that’s about the tuition at a state institution, e.g., UW. But that will change rapidly as their tuition increases and our benefit doesn’t.) Said Hanson, there’s every idea that in a few years’ time, as we begin to see how this solution is playing out financially and money becomes available, this amount will increase. Hamel asked, “Might not there also be a ratcheting down of the benefit?” Hanson said that we have assumed that it would increase by the standard projection of the compensation budget increase. There’s been no discussion of changing that. Hamel said that this assumption is invisible to him in the printed materials and that if it is part of the plan, it should be made explicit and visible. Matern said that it is in the link managed by Hanson and DeMarais. Briggs added that they are also developing a FAQ that addresses this issue. Matern said that UPS is still obligated to take in the students from the other schools we are open to during the sunset period, so until NIC sunsets, that will be an expense. When NIC does sunset, the cash out (75%) will be based only on Puget Sound tuition and will be under our control. Hanson said that it’s fair to say that the proposal that we made is not as good as it could have been, because of those uncertainties; but we don’t want to run into a problem where we don’t have enough money to pay for what we’ve promised. We were conservative for that reason. Briggs said that the BenTF did two surveys, both of which gave response rates of 65% (June 2010) and 74% (October 2011), so the BenTF had to guess about demographics for the other 26%-35%. Matern said that the other option was to sunset the NIC with 60-days’ notice. She gave the 5 presidents and 5 CFOs credit for negotiating a 4-year sun-setting period and added that she wouldn’t write off the exchange forever. Lewis & Clark and Reed are not interested in discussing a new exchange now, she reported; Whitman’s committee has submitted its own proposal to its board, a proposal that does not currently include a new exchange; and Willamette’s committee (as far as we know) is not ready to formulate a proposal. Matern emphasized that each of the NIC colleges is operating according to a different time frame.
- u. Anderson-Connolly said that if we want to rebuild an exchange, the boards are not going to give it to us unless there’s quite a bit of pressure put on the presidents and the CFOs. He said that we needed to figure out how we’ll put this pressure on. Anderson-Connolly wanted to remind us that it was the presidents who “killed the exchange, and if their inclination was to kill it, it will take a lot of pressure to renew it.” He agreed with Hanson that there’s some risk aversion in play here—but Anderson-Connolly thinks it’s irrational

risk aversion. He wanted us not to “get distracted by talking about the details of this fairly mediocre proposal.”

- v. Recapped Barry, “The \$10,000 is based on a 100% funding of a flagship state school. The grandfathering leaves those grandfathered \$10,000 in debt each year. Why not aim for 80%? There’s a certain arbitrariness to 75% and \$10,000.” Claire agreed and added that the SAHCB was very concerned about a surge at UPS with the folding of the exchange. Said Claire, we want people at Puget Sound because they fit here, not because they can get a cheaper education here than at Tacoma Community College: the \$10,000 cash grant can render a student unable to get additional financial aid. The exchange is a better strategic fit for our university, said Claire. Neshyba said that if we can put numbers behind even a strategic vision, trustees can hear that kind of argument.
- w. Breitenbach said he thinks we should keep pushing for an exchange, but he pointed out that some of the NIC schools have created their own “fixes” too. He suspects that some of these schools are going to want to play this out for a few years, and at that point they may be willing to consider an ACM-model, which he agrees makes much more sense than the current solution.
- x. Barry asked how the SAHCB ought best to proceed in terms of keeping the pressure on. Breitenbach said that the trustees needed to be made to recognize how catastrophic it would be if they were to reject this proposal as they rejected the interim one. Barry envisioned the Senate endorsing what the BenTF has come up with, with the qualification that we don’t think this story is done with: we must ensure that we push forward from this plan created under great urgency. Richman asked, “Can this be framed as a temporary solution with a desire for exchange with institutions?” Added Barkin, “Including other schools,” outside the NIC group? Briggs said that she does not think that there’s anybody on the BenTF who thinks this should be a stagnant, rigid, permanent structure. Neshyba said that if the ad hoc group could come up with a resolution in a week that the Senate could consider, the Senate would pick up this conversation in a week. He suggested that it could also be put to the Faculty as a whole, but the advantage of putting it first to the Senate is that we could talk about it and frame it. While he is hesitant to ask the SAHCB to do more work, he encouraged them to issue a statement. Hamel said that even if the committee does not come up with a statement, the Senate should discuss the issue next week.

III. M/S/P: The meeting adjourned at 5:28 p.m.

Respectfully submitted,

Tiffany Aldrich MacBain

Secretary of the Faculty Senate