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FS Minutes 2011-03-02

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FACULTY SENATE MINUTES
Wednesday, March 2, 2011, 3 p.m.
Holmes Student Center Sky Room

Disclaimer: These minutes should not be taken as a verbatim transcript but rather as a shortened summary that is intended to reflect the essence of statements made at the meeting. Many comments have been omitted and, in some cases, factual and grammatical errors corrected. The full verbatim transcript is available online at the University Council Web site under Faculty Senate / Agendas, Minutes & Transcripts.

PRESENT: Allori, Arado, Armstrong, Bennardo, Bonnicksen, Brubaker, Cappell, Coles, Collins, Cripe, Elish-Piper, Flynn, Goldblum, Griffin, Haliczzer, Hansen, P. Henry, Houze, Hu, Jeffrey, Kowalski, Labrecque (for Zahay Blatz), Lash, Latham, Lin, Lusk, Martin, Matousek (for Calmeyer), May, Mirman, Monteiro, Moraga, Naples, Newman, Nicolosi, Nissen, Novak, Pitney, Rintala, Rosenbaum, Sagarin, Slotsve, Smith, Staikidis, Tonks, Umoren (for B. Henry), Valentin

Parliamentarian Ferald Bryan was present.

ABSENT: Bishop, Bisplinghoff, blacksmith, Bowers, Brandt, Butler, Calmeyer, CummingsFeurer, Finley, Fischer, Fisher, Freedman, Greene, Gupta, B. Henry, Lee, Lenczewski, Liu, Marchewka, Mogren, Mohabbat, Poole, Prawitz, Shortridge, Snow, Von Ende, Waas, Wade, Willis, Yamagata-Lynch

I. CALL TO ORDER

Meeting called to order at 3:07 p.m.

II. ADOPTION OF AGENDA

J. Novak: Moved the adoption of the agenda without changes or additions. **B. Pitney** was second.

The agenda was approved without changes or dissent.

**III. APPROVAL OF THE MINUTES OF THE FEBRUARY 9, 2011 FS MEETING
(sent electronically)**

B. Lusk: made the motion to approve the minutes. **G. Bennardo** was second.

The minutes of the 2/9/11 meeting were approved without corrections and without dissent.

IV. PRESIDENT'S ANNOUNCEMENTS

A. Rosenbaum: I have added a legislation button to the Faculty Senate Blackboard community. I attended a meeting with Ken Zehnder, who is our liaison to Springfield, and expressed the administration's concerns that there are many issues coming up that are of importance to the faculty. These include Senate Bill 3, which authorizes borrowing money which will then be used to pay the University money that we are owed. I understand that we finally got the MAP money for the fall term, in large part.

If the Senate Bill 3 passes, it will allow them to pay not only the money that's owed to the public universities and also to pay off some of the medical bills and dental bills that have been not been getting paid in a timely fashion, resulting in faculty and staff having to pay up front for medical and dental care. We're going to be hearing today about the retirement and the efforts to change the retirement system, and there are a number of bills that affect our pensions. The University is restricted in the amount of lobbying it can do, as you know. Faculty and staff are restricted only in the sense that we can't use NIU resources, and we are not supposed to represent ourselves as from NIU, but as citizens and taxpayers in Illinois, we can lobby our representatives. We're going to do what we can to inform the faculty what is going on so you know what bills are going before the General Assembly or the Senate. There are links on the University website that can help you figure out who your representatives are, with their addresses.

Brian Hemphill is going to give a presentation on the Enrollment Management Strategic Plan. He wanted to take a Senate meeting for this, but his presentation is about an hour long and he didn't want to give us an abridged version. He's setting up a separate presentation which he hopes faculty will attend. That will be on March 25th at 2:00 p.m., and it will be in the Board of Trustees room, which is Altgeld 315. You should also announce it to your departments.

A. Rosenbaum: Somebody asked for the, if we would give the Annuity Association website and so we have that for you. The website is www.niu.edu/annuitants. I have one additional item of interest, the Student Code of Conduct now defers to the Undergraduate Catalog and in doing that, it corrects for the two different guidelines problem that we dealt with last year. The Undergraduate Catalog is much more consistent with the language that the Faculty Senate passed.

A. [Pension Reform Update](#) – Steve Cunningham, VP Human Resources & Compliance
SURS Defined Benefit Plan Amendments for New Personnel [Memo](#)

A. Rosenbaum: Introduced Steve Cunningham, Vice President for Human Resources and Compliance, to fill us in on pension reform.

S. Cunningham: Gave a brief history of development of problems in the way the state has failed to adequately fund the pension system leading to the current crisis and prompting legislative efforts to reform the pension system. His presentation PowerPoint slides have been posted on the Faculty Senate Blackboard Community. The major points of his presentation are as follows:

- Since January 1, 2011, we have a two-tiered retirement system in which employees hired after January 1, have reduced benefits relative to those hired before Jan 1, 2011.
- Changes include: the high 4-year earnings are limited to \$106,800. The years taken into account for the final rate-of-earnings calculation is an 8-year cycle instead of a 4-year cycle.

The age to retirement has been increased. There are severe limitations on work following retirement, and perhaps among the most serious things is the the cost of living factor, where that is limited to basically one half of the CPI or 3%, whichever is less, and it is not compounded.

- Illinois is both among one of the worst current budget deficits, exceeding 50% deficit of current expenses to revenues per year and also has the worst pension crisis among the 50 states.
- Illinois lawmakers have underfunded the pension plans, diverting funds to pay for other budgetary items. If the funding sources are not stable, the funds thin out, they cannot compound, they cannot absorb market swings and we run into the situation we have here in Illinois.
- By 1990, it was obvious that the funding model was going to break down and a 40-year funding plan was enacted at that time. It had a 7-year ramp-up. By 1995, it was obvious that that plan was insufficient and a new 50-year funding plan was enacted, again just spreading the actuarial model out further in time. . This one had a 15-year ramp-up, and we just reached the top of the ramp in fiscal '11. We have to ask the question, and the State is asking the question, is that sustainable to pay 24% plus of payroll for State-matching pension contributions for the next 35 years to meet the 50-year funding ratio?
- In 2011, SURS gets a little over \$1 billion in total contributions, however, the cost, the benefit payouts in 2011 are almost \$1.7 billion. So SURS was forced to liquidate over \$600 million in fiscal '11, that's about 5% of its portfolio, just to pay the benefits required for retired participants.
- The normal cost of the SURS benefit package is a little over 10%. Even the Social Security normal cost of benefits is 13.09%. So, if you're just looking at this purely as an actuary, you would say that the SURS program is, on average, not even as generous as Social Security.
- There are a number of proposals to change the way that health insurance is paid for by annuitants. The current monthly employee rates for the non-Medicare Quality Care health plan that the State pays are \$597 and \$847 per month for the Quality Care program and there is also a fee for dependents. I show you this so you know when there are discussions that the annuitants should begin to pay the State share or a portion of the State share, these are the types of contributions or premiums we're looking at.
- In terms of current legislation that's out there, there are three major bills that have been filed. The one that got the most attention was House Bill 146, sponsored by Representative Franks and this would affect all employees, including current participants. It would change the benefits as of a certain date, I think that's as of July 1, 2012 in this proposal, to basically be the same scheduled benefit plan as exists for new employees as of January 1, 2011 with some exceptions. So all of us have our accrued benefits as of say July 1, 2012 under the current system. A bill like this would then change the status of future pension credits and reduce those. So, it would be a very complicated algorithm to administer for the retirement systems, but none of these bills involve a retroactive change in benefits and that's important for us to keep in mind. There does seem to be a consistent recognition that benefits cannot be changed retroactively.
- There probably will be action taken in this General Assembly to increase, either to increase fund sources from other directions, employers and/or employees and/or action taken to reduce future benefits for current employees that they accrue as of a certain date. Both of those proposals are out there and they're active. If alternative fund sources are not achieved

and a bill is passed to reduce future accrued benefits, then that will become a question of law as to whether or not that is a violation of the State Constitution.

- The other risk is that courts do uphold the Constitutional Protection clause, there are no alternative fund sources established and the State budget crisis becomes so extreme that the legislature is forced to place the Constitutional Protection clause on the ballot as an amendment to the Constitution. That's very doable, even though we did not vote to have a Constitutional Convention in the last cycle, it just takes a 60% vote of both chambers to place a question on the ballot and then simply a 60% margin or a simple majority of those voting in the election to actually enact that change. If our Pension Protection Clause becomes a question on the ballot, we can all make our own judgments, given the public dialogue about the economy, about how that would fare.

J. Jeffrey: You mentioned, or at least rather you had a notation about a reference to U.S. Bankruptcy Law. If worse comes to worst, the State goes bankrupt, then what happens to the pension benefits? And to those who are already receiving benefits?

S. Cunningham: The proposals to amend the U.S. Bankruptcy Code to allow states to go bankrupt began to emerge late in 2010. I think probably it was prompted by comments made by Newt Gingrich and some others, what I think what's referred to as Tea Party type candidates. And the issue there, that created such a stir in the bond markets that just the fact that it was being discussed caused the bond market for public sector bonds to shift 60 basis points, you know, over 1/2%, just the discussion. It's been toned down, the leadership of both chambers and across the board in Washington have announced they do not support this, simply because it would be shocking to the economy if states could suddenly go bankrupt. Now, if somehow that was enacted, then states can, could, if they declare bankruptcy, breach contracts, they could breach. The Constitutional Protection clause is a contract as are other employment agreements, collective bargaining agreements, vendor agreements, any number of things, nothing is secure at that point. U.S. bankruptcy, or state bankruptcy would put into jeopardy pension payments for current annuitants as well as current participants. That would actually be an opening for a change in benefits. It would be so disruptive to the entire economy that I believe and hope that our lawmakers have better wisdom than that, just to be forced to that because of pension funding crises.

A. Rosenbaum: Thanked Steve Cunningham for speaking with us..

B. Nominations for the Bob Lane Eternal Vigilance Faculty Spokesperson Award –
[Description](#) – Page 3

A. Rosenbaum: Okay, the next order of business is the Bob Lane Eternal Vigilance Faculty Spokesperson Award. You have the description in the agenda. We don't give the Bob Lane award every year. The Bob Lane award was created at a time when there might have been a more contentious relationship between the administration and the faculty than we have had in recent years. It is not required that we issue a Bob Lane award. But if anyone would like to nominate someone, you can do that either now or if you want to think about it and send us an email. The decision as to who gets the Bob Lane award is up to the Executive Committee if we have more than.

There were no nominations for the award.

V. ITEMS FOR FACULTY SENATE CONSIDERATION

VI. CONSENT AGENDA

VII. REPORTS FROM ADVISORY COMMITTEES

- A. FAC to IBHE – Earl Hansen – [report](#) – Page 4
- B. BOT Academic Affairs, Student Affairs and Personnel Committee – Kerry Freedman and Ferald Bryan – no report
- C. BOT Finance, Facilities, and Operations Committee – Alan Rosenbaum and Greg Waas – no report
- D. BOT Legislation, Audit, and External Affairs Committee – Jay Monteiro and Todd Latham – no report
- E. BOT – Alan Rosenbaum – no report

VIII. REPORTS FROM STANDING COMMITTEES

- A. Academic Affairs – Charles Cappell, Chair – no report
- B. Economic Status of the Profession – Sonya Armstrong, Chair – no report
- C. Faculty Rights & Responsibilities – Brad Cripe, Chair – no report
- D. Resources, Space and Budgets –David Goldblum and Laurie Elish-Piper, Co-chairs – [report](#) – Page 5

D. Goldblum: Another grim meeting for this committee this time with the President, Provost and Dr. Williams. A few of the low lights on this is that the fiscal year '12 budget from the State is flat over last year's. To cover the debt, the Governor wants to raise almost \$9 billion in bonds, which probably will not happen. This all points to a significant decrease in funding from the State for next year. The President said that we're now down to 1998 levels for our money from the State, which accounts for about 20% of our total budget. The President and the Provost both talked about how they're trying to maintain core functions at the University. Then quite a bit of discussion about what we just heard about, about changes at the State level that might change our benefits. Dr. Alden talked about a decrease in Pell Grants to our students, which for many students, makes up a significant portion of their financial aid. He also said that he's hearing at meetings around the country that universities are looking for ways to streamline the delivery of course material to make it less expensive for us to present information to students. I'm not sure exactly what that means, but it sounds like we need to start being more lean in how we deliver information and run the University. There was also some discussion about changing how, where tuition authority rests. The Board of Trustees has it now, there's talk about moving it to Springfield. There's also talk about

changing the Truth in Tuition program. Dr. Williams said Cole Hall will be open for Fall 2011, but they will not allow any classes to be scheduled for the beginning of the fall semester. Classes might be moved into Cole Hall if it's available early enough in the semester. Then finally, the Stevens building capital bill, as we all know, is in limbo right now, but the President is committed to keeping the planning for the proceeding.

P. Henry: Just in terms of talking about moving tuition authority from the Board of Trustees to Springfield, was there anything said about what bill this is and who we should perhaps address our concerns to if we really don't want that passed?

D. Goldblum: I am not sure it's at the bill stage now, I think it's more of a rustling of the leaves I think. I think the issue here is that, according to the President, what's kept us afloat the last couple years has been money we get directly from the State and not having to wait for the State to pay us, the tuition money they would be collecting.

D. Goldblum: Kathy Buettner was saying that, as Steve Cunningham mentioned, these things might move very quickly, and so I think it's important to keep track of these things through either the University's budget website or the legislation button on Blackboard.

A. Rosenbaum: Right, we'll give you as much warning as we can as soon as the canary hits the bottom of the cage.

A. Rosenbaum: The University is really trying to make it as easy as possible for people to get access to this material. They are highly motivated for people to be informed about what's going on in Springfield.

G. Bennardo: I have question about Stevens. Did the President mention anything about the capital appropriation issue with the lawyers and things like that, actually with the Supreme Court problem?

D. Goldblum: Most of the discussion just revolved around the fact that they're committed to continue the planning. I think there are meetings ongoing with architects. He seems optimistic that the money will arrive, but there's not much information about how they're pursuing this.

E. Rules and Governance – Nancy Castle, Chair – no report

F. Elections and Legislative Oversight – David Wade, Chair

1. Nominations for Executive Secretary of University Council/President of Faculty Senate – See [list](#) of University Council members eligible for election – Page 7

A. Rosenbaum: David Wade is also the Chair of APASC and at today's meeting, they were going to discuss the plus/minus grading. So, John Novak, who is on that committee, has agreed to chair and handle the elections issues for today.

J. Novak: Good afternoon and happy Texas Independence Day. We have our duty today under Article 2 of the Constitutional Bylaws of NIU to accept nominations for the role of the President of

the Faculty Senate and the Executive Secretary of the University Counsel. This is the one year renewable position. The list of faculty eligible to serve in this position appears on the last page of your packet. So, we will take nominations for this position.

J. Kowalski: I would like to place Alan Rosenbaum's name in nomination for President of the Faculty Senate and Executive Secretary of the University Council. **P. Henry:** was second.

J. Novak: Thank you, duly noted. Dr. Rosenbaum will have to the end of next week to present his acceptance to the Faculty Senate.

J. Novak: Okay, hearing no other nominations, I will close the nominations unless there is an objection from the floor. So, I'm sure you'll be looking forward in your packet to his letter of intent.

A. Rosenbaum: Thank you. I accept the nomination. I'll have a letter whenever the letter is due and I guess we send it out with the next agenda.

IX. UNFINISHED BUSINESS

X. NEW BUSINESS

XI. COMMENTS AND QUESTIONS FROM THE FLOOR

XII. INFORMATION ITEMS

- A. University Assessment Panel – January 21, 2011 [minutes](#)
- B. University Assessment Panel – February 4, 2011 [minutes](#)
- C. Undergraduate Coordinating Council – December 9, 2010 [minutes](#)
- D. Committee on Initial Teacher Certification – January 21, 2011 [minutes](#)
- E. Athletic Board – January 19, 2011 [minutes](#)

XIII. ADJOURNMENT

M C. Smith: Motion to adjourn. The motion was seconded.

Meeting adjourned at 4:12 p.m.