

***JOURNAL OF THE FACULTY SENATE***

The University of Oklahoma (Norman campus)  
Regular session – February 13, 2012 – 3:30 p.m. – Jacobson Faculty Hall 102  
office: Jacobson Faculty Hall 206 phone: 325-6789  
e-mail: facsen@ou.edu website: <http://www.ou.edu/admin/facsen/>

The Faculty Senate was called to order by Professor Georgia Kosmopoulou, Chair.

**PRESENT:** Apanasov, Bemben, Bergey, Bisel, Buckley, Burns, Cox-Fuenzalida, Devegowda, Fagg, Gramoll, Hahn, Jean-Marie, Keresztesi, Kimball, Klein, Kosmopoulou, Laubach, Leseney, Loon, Minter, Morrissey, Morvant, Moses, Moxley, Natale, Nelson, A. Palmer, G. Palmer, Park, Ransom, Soreghan, Stock, Stoltenberg, Tabb, Taylor, Vehik, Verma, Williams, Wydra, Zhu

Provost's office representative: Mergler  
Graduate College liaison: Taylor

**ABSENT:** Adams, Ayres, Baer, Chang, Ellis, Grady, Marsh-Matthews, McPherson, Zhang

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***APPROVAL OF JOURNAL***

The Faculty Senate Journal for the regular session of January 23, 2012 was approved.

***ANNOUNCEMENTS***

Prof. Laurette Taylor (Health & Exercise Science), currently a senator representing the College of Arts & Sciences, also will serve as the Graduate College representative for the spring 2012 semester, replacing Priscilla Griffith (Instructional Leadership & Academic Curriculum).

Prof. Ryan Bisel (Communication) was elected to the Faculty Senate to complete the 2010-13 term of Connie Chapple (Sociology), representing the College of Arts & Sciences.

President Boren approved the Faculty Senate's change in the Committee on Committees bylaws (see 1/12 Senate Journal).

The Faculty Senate is sad to report the deaths of retired faculty members Janice (Ruth) Donnell (University Libraries) on December 25 and Miguel Terekov (Dance) on January 3.

**RETIREE MEDICAL BENEFITS PROPOSAL**

Human Resources director Julius Hilburn updated the Faculty Senate on the retiree medical benefits proposal (see <http://hr.ou.edu/review/>). Several employee meetings have been held on the campuses, and employees provided lots of input and suggestions. The reason for the proposed change is the costs that OU pays for retiree medical benefits increased 46 percent from 2008 to 2010 (from \$6.3 million to \$9.2 million), and the number of retirees increased 16 percent (from 1767 to 2056). Another 1800 employees will be eligible to retire within the next five years. The current OU plan is not sustainable. If we make no changes, the projection is these costs will consume more than \$26 million in 2022. In 2007, President Boren appointed a committee to study the issue, and the committee issued a final report in 2009. The only change since that study is that employees hired on or after January 1, 2008 can participate in OU's retiree medical plan, but they are not eligible to receive a University subsidy. Significant input has been provided by active employees and retirees, and their feedback is reflected in the new proposal. The campus community recommended that changes should not motivate employees to accelerate their planned retirement date to gain a better benefit, that is, the benefit should be based on the date an employee is eligible to retire. Other recommendations were the changes should allow time for planning, the impact of changes should be lower on those retired or close to retirement, and changes should be easy to understand and communicate. Also, the University's contribution toward retiree medical premiums in the future should be based primarily on years of service, not just on age.

The rules to qualify for OU retirement are not changing. There are three ways to qualify: age plus service equals or exceeds 80, at any age with 25 years of OU service, at age 62 with 10 years of OU service. Employees must be covered by OU's plan for five years prior to retiring to qualify for OU retiree medical coverage. That is a current rule and is not changing. Mr. Hilburn explained that the "Rule of 90" is an OTRS retirement rule and does not have to do with OU retirement. Employees who qualify for OU retirement receive the medical benefit, dental coverage, parking, and discounts to events.

The feedback the administration received to the earlier proposal from various groups indicated that it impacted some groups of employees pretty drastically, while others were shielded from the impact. The revised proposal has more moderate changes that spread the impact across a broader group of employees. For employees who become eligible to retire from OU by December 31, 2015, the University would continue to pay 100 percent of the premium. Those who become eligible on or after January 1, 2016, would contribute to the cost of their retiree medical coverage based on age and service. The University subsidy would be between 55 percent and 95 percent of the overall premium. Employees would not be eligible for a subsidy until they reach age 55. Currently, some employees can qualify for retiree medical benefits at age 46, which makes for a long time that the University is providing for their retiree medical coverage. Referring to the proposed age and service matrix for people who become eligible on or after January 1, 2016, Mr. Hilburn explained that the OU contribution is locked in at the age when the person starts coverage and the years of service when the person retires. For example, if someone begins coverage between the age of 62 and 64 and has 20-24 years of service, OU would pay 75 percent of the premium, and the retiree would be responsible for the other 25 percent. If an employee is a member of OTRS, he or she would get a credit from OTRS of about \$105 per month before the percentage is applied. The OTRS credit is not indexed, so it is not something that will automatically increase. In fact, it has not changed in many years.

Another recommendation is, as of January 1, 2013, employees would be allowed to defer participation in the OU plan if they provide evidence of other insurance coverage. It would provide flexibility to retirees and also potential savings to the University if they are covered under another plan. Currently, people who drop out can never come back, so they might duplicate coverage just to make sure they will be covered when they retire. The opt-out, opt-in feature can be used only once, and the individual must be enrolled in the OU plan as of December 31, 2012. OU would continue to provide employees who have more than ten years of service with a disability retirement subsidy of 100 percent for those who become eligible by December 31, 2015 and 95 percent for those who become eligible after January 1, 2016.

In keeping with the principle of impacting a broader group of people, as of January 1, 2016, some changes are being proposed for all Medicare eligible participants who retired on or after July 1, 1995. Medicare covers retirees once they become 65. Until then they have the same medical coverage as active employees. That is, they have deductibles, co-pays, and co-insurance. Our current plan pays 100 percent of anything that Medicare does not pay. The proposal would introduce a \$300 annual deductible and a change in the way the OU plans integrates with Medicare that would create a cost sharing similar to the active employee plan. To shield retirees from catastrophic events, the maximum out-of-pocket expense would be \$1500. The proposed Medicare exclusion coordination method is pretty common and used to be used by OU until the early 2000s. Mr. Hilburn showed an example of the Medicare exclusion coordination method.

The proposed changes would reduce the University post-retirement benefit obligation by about 28 percent, from \$540 million to \$390 million. Credit rating agencies look at our ability to pay and service debt. The post-retirement benefit obligation impacts our ability to issue bonds. In addition to reducing our long-term liability, the proposal would show that we have a

plan in place to manage those obligations. Mr. Hilburn explained how the various features would contribute to the savings: opt out provision -- \$17 million (11 percent), \$300 deductible -- \$26 million (17 percent), new coordination method with Medicare -- \$53 million (35 percent), retiree contributions -- \$57 million (37 percent). The retiree contributions would not start until 2016, so it would take time for that impact to build. By 2016, we could realize a cost savings of around \$2.3 million. The effective date for all changes except the opt-out is January 1, 2016 so as to build in a lot of lead time. In fact, since the original proposal, one year was added to the eligibility date and two years were added to the date of the Medicare coordination change.

Looking to the future, the administration will continue to monitor what is happening nationally with health care policy, monitor the marketplace for a better value, and investigate potential tax-advantaged savings plans for employees, especially for those hired after January 1, 2008. The next steps are to seek feedback on the proposal and submit recommendations to President Boren in early March. The President will decide which recommendations to take and whether to modify any. Regents' approval is expected in March or May. Mr. Hilburn will be making a presentation to the Staff Senate and has been in contact with the retiree association. He said he expected the feedback from the retiree association to be part of the overall evaluation.

Prof. Burns asked whether there was a lifetime cap on benefits. Mr. Hilburn said there is not. Prof. Palmer asked whether the presentation was on the web. Mr. Hilburn said the PowerPoint presentation was on the Human Resources website, and a "Frequently Asked Questions" section would be added soon. An email was sent to employees that directed them to the proposed changes and announced the employee meetings.

Prof. Taylor wanted to know whether employees hired since 2008 are being told that they will receive no University subsidy for retiree medical benefits. Mr. Hilburn said they are made aware. It is or is becoming very common practice today among educational as well as public and private employers.

Prof. Morvant asked what the monthly premium would be if someone retired early and received a 55 percent subsidy. Mr. Hilburn said the premium after the \$105 OTRS credit would be \$535, so the employee would pay about \$240. Prof. Morvant mentioned that individuals who were not in OTRS would pay about \$340 a month, which is around \$4000 a year, on top of the \$1500 if they were at the maximum. Mr. Hilburn pointed out that the \$1500 maximum out-of-pocket cost only applied to people in the Medicare plan. For individuals under 65, the plan is the same as for active employees, i.e., a \$500 deductible and a \$3000 out-of-pocket maximum. For individuals over 65, the premium is \$264. If they are in OTRS, the remainder is \$159. A retiree who receives a University subsidy of 75 percent would pay about \$40 a month. The big difference in the cost is because Medicare is primary and then OU pays a large portion of the difference. Mr. Hilburn invited the senators to send him an email if they had questions or needed additional information.

### ***HIGHER LEARNING COMMISSION ACCREDITATION***

Prof. Michael Scaperlanda (Law) explained that the Higher Learning Commission of the North Central Association is a regional accrediting body that covers a 17-state area from Ohio to Arizona. OU has been accredited since the body was founded in 1913. The Higher Learning Commission serves the purpose of providing peer review and being the middle man between universities and the federal government. Without accreditation, we would have no student financial aid, subsidies by the federal government, transfer of credits, etc. In the past, the accreditation was done every ten years. The last time they came to OU was September 2001. In the future, we will have a mid-term report after five years. A 12-member site team will be coming to the University March 5-7. The accreditation website, including a link to the self-study, is online at <http://www.ou.edu/accreditation.html>. Prof. Scaperlanda distributed a list of the members of the evaluations team (available from the Faculty Senate office) and said he would tell the faculty when the team planned to hold the session(s) with the faculty. Many of the faculty are involved in other ways, such as serving on a self-study committee. Questions may be emailed to Prof. Scaperlanda.

### ***SENATE CHAIR'S REPORT, by Prof. Georgia Kosmopoulou***

"The Information Technology Council chaired by Al Schwarzkopf met on January 26. The classroom support staff gave an extensive overview of the options available for classroom lecture capture. IT reviewed the four major products available and outlined some of the similarities and differences among them. The university has not made a recommendation for a plan and is relying on the user community to make a choice. If you have questions or want to provide feedback, please contact Prof.

Schwarzkopf.

“President Boren created the Core Curriculum committee consisting of 35 members and a task force of ten members across disciplines, with the goal of gathering information to work on curriculum reform. The committee is charged with gathering information to assess data, formulating goals and developing proposals that will fulfill the goals.

“We had a meeting with President Boren and talked about the budget outlook. He always tries to be optimistic, but as things stand now, we might be seeing a flat budget, leaving us short by about \$14 million across both campuses before any tuition increase.

“We talked about proposed legislation that relates to higher education, such as the proposed bill to move tuition setting authority to the legislature. President Boren is taking a close look at that and other proposed bills affecting higher education and is meeting with various legislators. The University is working on cost sharing initiatives related to IT with OSU that are expected to create \$15 million in savings soon and maybe another \$10 million down the line.

“Governor Fallin signed an executive order banning tobacco use on all state owned and leased property. It will take effect in six months, giving people some time to make adjustments. This means we will not be having designated smoking areas on campus.”

### ***ADJOURNMENT***

The meeting adjourned at 4:15 p.m. The next regular session of the Faculty Senate will be held at 3:30 p.m. on Monday, March 12, 2012, in Jacobson Faculty Hall 102.

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Sonya Fallgatter, Administrative Coordinator

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Michael Bemben, Chair-Elect