Meeting Synopsis:

1. Call to Order
2. Approval of Minutes
3. Faculty Retirement Proposal (Cheryl Cameron & Katy Dwyer)
4. Adjournment

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Call to Order

The meeting was called to order by Chair Breidenthal at 1:07 P.M.

Approval of the minutes from the January 6, 2010 meeting

The minutes of the January 6, 2010 meeting were not approved. Chamberlin’s attendance was corrected, but the Council wanted to have the guests from the meeting (Shepherd & Fridley) have an opportunity to review before passing.

ITEMS DISCUSSED

1. Faculty Retirement Proposal (Cheryl Cameron & Katy Dwyer)

Cheryl Cameron, Vice Provost for Academic Personnel, and Katy Dwyer, Executive Director of Benefits & WorkLife, presented on a faculty retirement proposal that is being considered by the administration.

Cheryl Cameron explained the Voluntary Employee Beneficiary Association (VEBA) program and how it may be offered to tenured faculty as a retirement incentive program for a limited duration. A VEBA is operated under rules established by the IRS and is a tax-free medical expense account which covers medical expenses similar to medical flexible spending accounts. The VEBA would be available to tenured faculty members if they elect to forego their vested right to partial reemployment. The minimum age that tenured faculty would be eligible is 62. There is a calculation that has been created to calculate the amount that would be deposited in to the VEBA in one lump sum. In addition to the formula, there would also be a floor of $25,000, and a ceiling of $100,000. Cameron walked the Council through an example for the calculation.
The Council discussed other retirement incentive programs, such as cash outs, but both Cameron and Dwyer made it clear that the University is not considering cash outs. Marcia Killien was interested in knowing the percent of faculty that use their vested right of partial reemployment. She was told the University doesn’t track it that well, but, in general, it is not a high percentage. In the first year, roughly 50% use it. Chamberlin explained that the Libraries have a similar program and roughly 45% use it on average, but that it can vary wildly. Chamberlin also shared that Librarians would like this offered extended to them as well. Cameron explained that this would be difficult because Librarians receive sick leave, so they already have a VEBA instrument. Staff already have the VEBA program option based on a percentage of built up sick leave. The University would be worried about allowing a group two different VEBA options. Librarians, unlike the rest of staff, have a 40% reemployment right.

Killien asked if this program would save the University money. Cameron said that she is not sure that it is intended for cost savings. It would be funded by the post the faculty member is vacating. Brandt then asks if it would be taking money away from the tenure line. Cameron says that would be the case initially, or the cuts they are facing. Killien shared worries of an unfunded mandate. She also asked what would happen if it couldn’t be funded. Cameron explains that other cuts would have to be made. Brandt asked what would happen if three faculty members in the same department chose this option. Dwyer explains that this program is being offered because some have expressed a fear of retiring and being unable to pay medical bills. This should be seen as a program to address those fears. Cameron explains that they want to give enough time for contemplation, but also have time for academic planning. She also explains that this would initially be a one-time opportunity. There is a possibility that it could be offered later, but no promises will be made. Dwyer explained it as an annual decision with flexibility and not another vested right. Breidenthal asked how the 40% vested right saves the University money. Cameron answered that she is not sure it does. Dwyer states that in a way, it was created as a phased retirement. Cameron explains that the program was started when there was mandatory retirement. Brandt states that incentives are important and that she hears the worry about medical costs often, and that this makes sense. She wondered if there is something else better available, and what other places are doing. Cameron again states this would be a one-time deal.

Killien inquired about tenured faculty members already taking advantage of their vested right. Dwyer explained that this is prospective only, so they would not be eligible. Brandt then asked Cameron and Dwyer what they need from the Council. Cameron and Dwyer explained that this is a conversation about the idea, and they need the Council’s thoughts. Breidenthal felt that it is hard to argue against giving people more options. Brandt said that she is happy to see the option. Killien is worried about finances and concerns from Deans. Breidenthal asked what would happen if the faculty member’s department went away. Cameron is not sure, but says that the University has never taken away tenure.
Adjournment
Chair Breidenthal adjourned the meeting at 1:59 p.m.

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Minutes by Alex Bolton
Council Support Analyst
bolt@u.washington.edu

Present: Faculty: Breidenthal (Chair), Brandt
Ex-Officio Reps: Chamberlin, Sukol, Bowen
Guests: Dwyer, Cameron, Killien

Absent: Faculty: Bowen, Bradford, Brock
President’s Designee: Kornberg
Ex Officio Rep: Brenc