1. **Call to Order and Approval of Agenda**
   Council chair Ron Stenkamp called the meeting to order at 9:10 a.m.

2. **Approval of Minutes**
   The minutes from the February 9, 2011 meeting were approved as written.

3. **Announcements**
   There were no announcements.

4. **Requests for Information and Updates**

   **Separation pay in fringe benefit rate – Sue Camber and Mike Anthony**
   Sue Camber and Mike Anthony introduced a proposal for inclusion of separation leave in the benefit load rate, which would be implemented effective July 1, 2011. They went through a presentation [Attached, Appendix A] detailing the proposal, the reason for the change, and the process by which the policy would work. Anthony explained that the current process tends to cause financial hardships and inequity, and the federal government has made statements that they don’t really like the current approach of “last budget standing”.

   In response to questions from council members, Anthony and Camber clarified that if employees separate (retire or die) before June 30, 2011, current separation leave practices will be followed. It was also clarified that the new policy will have to net out by the end of the year, and money doesn’t have to be put in to get it started. Each year, analysis will take place to determine if money was over-recovered or under-recovered, and a new estimate will be set.

   Haselkorn asked about unintended consequences, and if there is an assumption that everybody is on their honor and using their vacation days. It was clarified that there are some policies that say staff shouldn’t be accruing more than 240 vacation hours, and for more than that, the time is lost when one leaves the university.
Haselkorn asked about the process after the FCR meeting that would implement the policy by July 1. Anthony said that a group is meeting regularly to ensure the right accounting process and systems are put in place, and is also working with the Office of Information Technology. The policy will be approved by the budget office, and they have already gained conceptual federal approval. They will be reaching out to deans this week, and don’t have to go to the Regents.

All present voiced their approval for the proposal. Comments made in favor of the policy included the concern that some people may be at a disadvantage in the hiring process because they have too much vacation time, that there are problems with the current situation and big payouts for vacation time when people are separated under a research budget, and that benefit load rates charged will go up but research budgets will be relieved of separation pay.

**Reduced Responsibility Policy – Sue Camber**

Sue Camber, standing in for Dave Eaton, presented the latest version of the reduced responsibility policy and process, GIM 38. She acknowledged that communication to faculty about the new policy was mentioned as being important at a previous FCR meeting and presented a draft letter for feedback from the council.

Camber said that the Office of Research is basically finished with the policy, and Mike Anthony and Lynne Chronister are working with a team of administrators on training and communication. They have run into a series of questions from administrators that will likely turn into a few additional FAQs. As soon as they’re ready, they’ll send out communication to deans, directors, chairs, and faculty. They’re also developing some training that will be presented, and want to be done sometime this spring. Camber asked for feedback, either immediately or after the meeting, that would help make it clear what the GIM is doing and why.

Immediate feedback from the council was that the why isn’t clear enough yet in terms of the actual policy, rather than the process by which it was created. Another suggestion was to state that the GIM was being put into place to protect institutional base salary in the event that there is reduced responsibility.

It was clarified that state-funded faculty on 9 month contracts who also get summer funding cannot increase their base salary. In response to a question about A and B line salary, Camber said they’re still working through those issues and that a clarification would be on the FAQs.

5. Discussion on Research and Budget

The topic of the budget was brought up, and a future agenda item on strategies to protect research activity during the budget crisis was suggested.

Wright said that it’s raising issues of off-site teaching and remote impact. Students are not able to get as involved in undergrad research, which cuts into apprenticeships for students, learning about ethics on the job, and the role of research on mentoring and education.

Haselkorn added that research supports a lot of things at the university and that must be considered as cuts are made. If research is on the sidelines of the discussion, people won’t understand the viewpoint – they assume it’s separate but that’s just not true. Wright added that
the loss of departments, university administrators, and support staff would have a long-term negative impact on outside university funding.

Haselkorn said that Planning & Budgeting could use some perspectives on research as they put priorities together. Chronister said that with reduced central budgets and then reduced departmental budgets, work flows down and then back up, which is an unsustainable cycle.

Stenkamp said he would talk to Dave Eaton and find out where FCR's impact could be the strongest, and then the council could put together a message for the Provost, Planning & Budgeting, etc. Stenkamp was to formulate something and send it out. Chronister said that her office could provide data in support of the message.

6. Adjournment
The meeting was adjourned at 10:00 a.m.

Minutes by Craig Bosman, Faculty Council Support Analyst. <cbosman@uw.edu>

Present:
Faculty: Stenkamp (chair), Haselkorn, Jain, Wright
Ex Officio: Pantazis
Guests: Susan Camber, Lynne Chronister, Mike Anthony

Absent:
Faculty: Curran, Fluharty, Roseler, Spieker, Vogt
Ex Officio: Smith, Nolan, Starostina, Spelman
President’s Designee: Eaton
Inclusion of Separation Leave in the Benefit Load Rate

FCR – March 9, 2011

Proposal

- Effective July 1, 2011:
  - Benefit rate include factor for recovering separation leave
  - Separation leave payouts charged to Separation Leave budget, not to individual budgets (e.g., GOF/DOF, grants, gifts, self-sustaining, discretionary, etc.) as now occurs.
- Affects classified & professional staff in leave bearing positions
- Includes:
  - Accumulated annual leave (up to 240 hrs) at time of separation
  - Accumulated sick leave at time of retirement or death (valued at 25% of current hourly rate)
Proposal

- **Excludes:**
  - Any leave (e.g., annual, sick) taken by active employee (much larger issue)
  - Donated leave
  - Annual sick leave buyout
  - Sick leave upon separation from the University for reasons other than retirement or death
  - Maternity leave

Reason for the Change

- Alleviate financial hardships caused by large, lump sum separation payouts,
- Align UW with anticipated changes in Federal position regarding present UW procedure,
- Eliminate hiring/charging decisions affecting employees with large leave balances (fear of large leave balances being charged creating financial hardship)
Process

- Benefit load rate will include an additional factor
- Additional recovery will be automatically directed to a separation leave accrual account
- Separation leave will be charged to the separation leave accrual account rather than to individual budgets
- All leave payouts pertaining to FY2011, even if processed in FY2012, will be charged to the individual budgets at the unit level as is presently done

Process

- Impact on individual budgets
  - Individual budgets (e.g., GOF/DOF, grants, gifts, self-sustaining, discretionary, etc.) will:
    - Be assessed additional fringe benefits charge,
    - Be relieved of separation leave salary as well as the associated benefits charge.
  - Separation Leave budget (new) will:
    - Receive credit from additional fringe benefit charge
    - Be assessed separation leave salary as well as the associated benefits charge.
  - Net overall affect is intended to be zero
Comparison of Benefit Rates With Change and Without Change

<table>
<thead>
<tr>
<th>Description</th>
<th>Benefit Rate Without Leave Payment</th>
<th>Benefit Rate With Leave Payment</th>
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<tr>
<td>Classified Staff</td>
<td>34.4%</td>
<td>35.0%</td>
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<tr>
<td>Professional Staff</td>
<td>33.7%</td>
<td>34.6%</td>
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</table>

¹ Preliminary rates subject to DHHS approval

Summary

- Individual budgets will experience additional benefits charge but not be assessed separation leave salaries.
- Separation leave salaries will be charged to Separation Leave budget (new) funded by additional benefits charge.
- Overall process will be more equitable.
- Adjustments to recognize over/under recoveries will be made to the benefit load rate annually.
- Goal is to only recover actual cost of separation leave expense.