UNIVERSITY OF KENTUCKY

SENATE

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Regular Session

November 10, 2003

3:00 p.m.

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W. T. Young Library

First Floor Auditorium

Lexington, Kentucky

Dr. Jeffrey Dembo, Chair

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JEFFREY DEMBO, CHAIR

GIFFORD BLYTON, PARLIAMENTARIAN

REBECCA SCOTT, SECRETARY TO SENATE COUNCIL

LISA E. HOINKE, COURT REPORTER

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CHAIR DEMBO: Greetings, Senators and friends. In the interest of time we need to start. There may be some folks who come in along the way. Can you hear me okay? Okay, great. So the first item of business is I'd like to beg your indulgence to consider changing the agenda order. This is how I've plotted out the way that the afternoon should go. Faculty Trustee Davy Jones has assured me he has a five-minute presentation. What I'd like to recommend is that we put that early on the agenda so that we can save the Retiree Benefits Task Force discussion for the middle and end of the meeting to begin at 3:30. The other agenda items should take probably a maximum of 10 minutes a piece, including the College of Pharmacy proposal that we'll talk more about in a few minutes. So unless there are any serious objections to that, I would like for us to do that. Okay. The minutes, if there are no objections -- sir, Professor Albisetti.

ALBISETTI: Jim Albisetti, Arts and Sciences. The meeting of October 13th took place on September 8th, according to these minutes.

CHAIR DEMBO: Are you suggesting we change that?

SCOTT: I'm sorry. Thank you.

CHAIR DEMBO: Any other recommended changes? Thank you, Jim. Okay. The minutes stand approved as written with the modification by Professor Albisetti.

Announcements. You probably have seen mailings that we're trying something bold. We're trying to have an all-faculty forum and because of difficulties in timing and location, we're having actually two fora. One will be held tomorrow from 3:00 to 5:00 at the Worsham Theater. The one on Friday will be held at 2:00 in Health Science Building 201. It's in the Kentucky Clinic. If you look at Rose Street, and there is the pedestrian walkway, it's on the right hand side, the newer building, and it's a large auditorium on the second floor. Professors Jones, Kennedy, our two faculty trustees, Alice Christ who's the co-president of the Kentucky Chapter of the AAUP, and I will be talking about various things related to the role of the faculty at the University. A lot of questions have arisen over this last year as to what exactly we do and what is our role and what should it be. So I'm hoping it's a good chance not just for a few talking heads at the front of the -- of the auditorium, but to have a good thorough discussion of, by and among faculty. So if you have maybe colleagues who haven't heard about this, please pass the word along.

There's also going to be a holiday reception this year. The University Senate and Staff Senate invite the senators from both Senates along with the Board of Trustees to join in this holiday reception. It's going to be on Tuesday, the day immediately following our Senate meeting at 3:00. It'll right after the Board of Trustees' meeting on the 18th floor, catered by the Boone Center. This is sort of an annual event, but what’s different about it this time is both the location and the co-participation of the Staff Senate. Sheila Brothers, I think I saw you here. Sheila is sitting in the back. If you’ve never met Sheila before -- raise your hand, please, or stand up for a second. Sheila Brothers is the chair of the Staff Senate. Thanks, Sheila, for agreeing to do this with us.

Professor Tagavi who is the chair of the Senate Rules and Elections Committee, has asked that I point out that Senate Council ballots will be -- will be distributed now. Ballot No. 2 is going to be sent, and here is what you’ll see. Whoops, that’s not what you’ll see. There’s a letter that goes along with this with a deadline. These are the six finalists, semi-finalists. Anything else, Tagavi, that you’d like to announce to the Senate about this?

TAGAVI: No.

CHAIR DEMBO: Recall that three -- three of these individuals will -- will fill the slots for the Senate Council spaces. Okay. So the first item on the agenda is Professor Jones to give the trustee report.

JONES: I'll make it short and sweet here. Some of you may have picked up the -- the handout that I had on the table there. This is -- a little abbreviation of it. These are your predecessors here. And there was -- there was oscillations as to how their creative and independent spirit has been viewed by the University. It's difficult to separate the faculty's creativity from its independent spirit. I've abbreviated this here. Those of you who didn't pick this up on the outside, you'll probably get a tease out of it. Just going on: Several decades later, though, the Board of Trustees expressed its confidence in the faculty's role here. It will be the legislative body of the University. The Senate was created in 1918. There's the manual with the Governing Regulations of the Board and the first rules of the University Senate.

Fast forward several decades to 1941, and the pendulum swings the other way. I'm just giving you a little -- little context to my report here, and you'll see how this ties together. The Dean of Engineering at that time, Dean Graham, felt the faculty were ants and just -- just didn't like having to deal with the faculty, and so he cahooted behind the scenes with several members of the Board out of view of the public to get the University's regulations changed. And this was done on April Fool's Day 1941. They had a secret meeting, and you see the title here, the Colonel got wind of it a few days later, the Senate was abolished. This body in front of me was abolished and did not exist. It was replaced by a Council of Deans who were headed by -- you can see the little print there -- a dean of University, which would be sort of like a provost we have today, and all curricular policy-making, deciding who's going to get degrees, was all done by this Council of Deans and this -- this super dean. The faculty had no role. And now, two years later we got back a small sliver, the narrowest possible part of the pie they could give us, but that didn't work. And after 20 years, we were still just a local institution with not much national prominence. So the Board of Trustees brought in John Oswald. He believed and he got the Board to believe that it's the -- the creative power of the faculty. If we're going to hold the faculty responsible for leading us nationally in programs on instruction, research and service, you've got to give the faculty comparable policy-making authority to go with the level of responsibility you're holding them to. And so we have codified the regulations of the Board that we have today. This -- this is from the Board's regs. The University Senate and the Board are the two primary educational policy-forming agencies, you and the Board. Nobody else is primary except the two of you. Now, at the level of departments on internal educational policies, again, it's the department faculty that would do this not the administrative chain. And it's in all three areas, that policy is being made, the instruction, the research and the service functions, not just curriculum. So this is the ambience we have codified today. Educational policy-making is done by faculty bodies chaired and led imaginatively by the -- the chair or the dean, but it's the vote of the faculty that -- this is the democratic side of the University's operations. This is all done by democratic vote on educational policy. The management side is over there, and that's democratic to the extent that that branch wants to make it democratic. So one of the -- getting now to current Board events, one of the things that the Board charged the Senate also to be involved with is to -- advising the Board on changes to the University structure relating to its academic units. And so at the most recent Board meeting, this is the Academic Affairs Committee. I'm not on that committee. I attended it as an observer, but I saw this on the agenda. Here -- remember at our last Senate meeting we put Visual Sciences on the end of the name of the Department of Ophthalmology. That had -- had reached the Board, and it was very clear. You can see where underlined in yellow the Senate committees and the Senate Council and the Senate had approved that, and that's why -- and upon that, it had then gone on to the Board. In another recommendation, I was a little more concerned. It was a recommendation, again, on changing an organizational structure of the Research Center shown there, and there was nothing here indicating that this had been routed through the Senate in any way. It just had a VP and a provost's recommendation and nothing about the Senate. So that -- that made me concerned because the Board's regulations expressly define multi-disciplinary research centers as educational units. So this -- this, again, relates to educational policy-making being policy-making in all three mission areas, not just instruction. So I brought this to the attention of the Senate Council, and I believe they're iterating now with the provost as to how did this happen and try to make in the future these kinds of units -- this -- those centers that are -- do reach the level of educational unit are routed through the Senate. Another aspect on this currently codified structure, we're trying to figure out under provost system how to put a provost in over there. And this past May, this body adopted some recommendations to go forward to the President’s committee that I’m on that’s trying to codify a provost context to the Board’s governing regulations. Up there in May, again, the Senate publicly approved its recommendations in open session for everybody to see what the Senate wanted. That went to the President’s committee, and to a draft that was then provided to parties including the deans. And at a dean’s retreat, some recommendations came out of that that I saw at the committee that really raised some concern as they were articulated, and I brought those to the Senate Council. And Senate Council was concerned as well. Senate Council did its homework, though. It -- rather than just barking, it articulated some very clear language on alternatives, how to accommodate what the administrators might have been concerned about without compromising the faculty’s educational policy-making role. And we got to give credit where credit is due when it happens. In my discussions with the Provost, he has stepped forward and really helped to diffuse what could have been contentious issues, so I'm optimistic we're going to have a happy outcome on this, and we're not going to have a repeat of 1941. There's a few more things to work out. One of the things just real quick here is information to the Board on loss of faculty. We have lots of press play on that, you know: Why are faculty leaving? More faculty are leaving. But at the level of the Board, the Board does not get any information about faculty that are leaving, what their numbers are. The Board receives the appointments of faculty, but the Board gets no information about the loss of faculty. And the Board members want to know about this, so they asked me about this. But there's -- right now there's some subsets of the University administration that are strongly resisting giving to the Board information about the faculty that are leaving and how many are leaving, what units are they leaving from? You know, I don't see why this information should be hidden from the Board or the faculty. And so I'm trying to talk with these sub-entities and the administration, that this is public information anybody -- I mean, Davy Jones could go make an open records request and get this and then put it into the Board's minutes if he wanted to. So it would be better for them to be seen leading and voluntarily giving this information rather than it being obtained over and around them. Any event, some of these things are going to be tweaked. A few more governance issues here relating to the Board's regulations might come up later this year not in this current wave of things.

And finally, I do want to point out that the Board saw at the September meeting a gift from Dr. Albisetti. He donated $50,000 to the University to assist in faculty salaries -- oh, no, student scholarships. I'm sorry. Okay. But that was noticed up there at the Board, and I wanted to give him an acknowledgment of that. And, Dr. Dembo, that's my report. If you have any questions about this stuff I've gone over quickly, you know, I want to get the floor on to some other things, just give me a buzz by e-mail.

CHAIR DEMBO: Thank you, David. The next agenda item is the procedures for discontinuation of programs. Just to show you where this -- this item has come from. In Spring of 2003, there was a special committee charged with developing procedures for discontinuation of programs. It was curious that we have many regulations and procedures for approval of new courses and programs, but nothing specific regarding what happens when programs are proposed to be discontinued, what happens to the students, the faculty? Are there guidelines by which one should or should not consider certain programs for discontinuation. This committee was a special committee actually composed of members of existing Senate committees, the Academic Organizational Structure Committee and the Academic Programs Committee. And the chair of the special committee was Kate Chard. The committee came up with a draft document that was sent to the Provost for review and comment. The Provost reviewed it, had a number of comments that were made. They were viewed by the committee chair and forwarded to the Senate Council. On October 27th there was further modification by the Senate Council with Professor Chard present, and it was approved as a Senate agenda item, thus it's on the floor. Kate, what would you like to embellish on this?

CHARD: I think a lot of you were here last spring when we first brought this up as a discussion item. So some of you have already heard about this. The primary reason we did this is we noticed that we have absolutely nothing in the ARs about discontinuation of programs. And in this time when we're a little bit concerned about the finances of the University, that would leave the administration the right to terminate entire programs, departments, colleges, institutes, without any protection for the faculty for moving them into other positions or even for protecting them financially if they brought the program back a year or two later. And so what we did is we surveyed the benchmarks, and we also surveyed other institutions throughout the United States that seemed to be similar in size to the University of Kentucky and in similar, what I would call, economic areas, so rural versus urban. And found that actually a lot of agencies that are comparable do not have regulations. But the ones that do, provide a fair amount of protection to the faculty. So what you see is a draft. I think it's in your packet in orange.

This is draft that gives you more protection than we had before and a little bit more, I would say, structure for the administration that if they choose to terminate faculty, we are asking that they follow these guidelines. We are not messing with anything internal to your college, to your department, to your unit. If you want to make changes in terms of your names and things like that, you go through the existing Senate or ARs. Okay. This is more for the larger scale when we're talking about actually termination or disbanding of entire colleges, departments, units or faculty. And then also protecting the students within here. So I think we've covered most of it. As Professor Dembo mentioned, this has gone to the President and the Provost. They provided commentary, and we did respond to that commentary as best we can. I don't think there's anything that we didn't respond to and wasn't included. So this should be something that the

President and Provost have no problem endorsing if it comes to this. Do you have any questions. I'm sorry, go ahead.

CHAIR DEMBO: Could you, Kate, talk about that second part on centers and institutes and why there's still an open-ended question about that?

CHARD: The last part is this, "Other educational units." We have been asked by the Senate Council, and actually this has gone back just to the first committee, the Academic Affairs and Structure Committee. We're looking at that -- Organization Structure Committee, I'm sorry. We're looking at defining a center and an institute within the term of educational unit. There seem to be some question coming from the Provost of what was meant by an educational unit. And then how would you handle a center or an institute if you were talking about disbanding them. And I've discovered, through a year of having this position, is there seems to be some ambiguity once you cross this campus as to who creates a center or institute, who you've gone through to create that center or institute, and whether that center or institute receives money from the University, or whether it's fully grounded in grant money. So I think we're going to have Professor Davy Jones come meet with us to look at the ARs, make sure that we're keeping in accordance with anything that's existing, but then also draft some policy to define what an educational unit is as it refers to a center or an institute. So that's going to be the next step. And we may put an addendum into these guidelines after we do that.

UNIDENTIFIED SPEAKER: The meeting is canceled.

CHARD: Wendell has an issue with us. Any questions at all in terms of the policy that we've outlined, the guidelines so far?

CHAIR DEMBO: So because the Senate Council has approved this as an agenda item, is it already on the floor for further discussion, or if there is none, for a vote. So while Kate is up here... By the way, please introduce yourself because Lisa has not seen you before.

TAGAVI: Kaveh Tagavi, Mechanical Engineering. There's a sentence at the end of this proposal missing, and for the record, I'd like to add it. It should say: Upon approval of this, this proposal would be sent to the Rules Committee to be codified as a Senate rule. That's the way it was approved at the Senate Council.

CHARD: Yes. I think the Senate Council added that later.

CHAIR DEMBO: The implication there is that the Senate has 100 percent authority to create a new Senate rule. And after much discussion with the special committee and with the Senate Council, the decision was that that was the best place to have it codified.

Okay. So we'll take it to a vote then. All in favor of adding these procedures to this continuation of programs as new Senate rules which would be sent to the Rules Committee for final codification, please indicate by raising your hand. Okay. All opposed, please raise your hand. Any abstentions? Okay. So the procedures stand approved proposed for Senate rules.

Let me beg your indulgence now.

We have several minutes before 3:30 which is my goal. There's a Senate rule that says that the agenda shall be prepared and senators notified 10 days before the meeting. In some cases, it's not entirely possible to do that because of the routing of different proposals. In this case there's a proposal from the College of Pharmacy to change from two divisions to two departments. The implication of this is that if we don't consider it at this meeting, that it would not be heard at the December board meeting and would be delayed until at least the January board meeting if not later than that. Ordinarily, we try to stick by the rules because that's why they're written. But the Senate does have the power to waive the rule under circumstances that would be exceptional or that would serve the members of our community. In this case, the Senate Council carefully considered this proposal, read it over thoroughly and given the degree of by and approval, recommends to the Senate it consider waiving the 10-day rule. Before you say anything, Kate was also committee chair of Organization and Structure intimately involved in this. Kate, any comment to help the senators?

CHARD: Yes. I want to say that part of the delay in this was actually the Senate's fault. We created that form that's on the back of your minutes, the purple last page. It's a routing sheet. I was contacted last spring about this proposal, but in their attempt to fill in our form, there was a little bit of a delay for Pharmacy to get all of these procedures and steps met. You can look at their time line. They started on this very early, and it just took a little bit of time before they could get all of the steps completed. So this really isn't the Pharmacy's, you know, issue or fault. This is more that they were trying to do something that we had created right at the end of the year and were trying to meet our demand. And I have to say this is the best job I have seen so far of anyone following our routing sheet. I'm going to hold this up, for any of you talking about redistribution of your faculty or senate, use this one. This is a really good example of how to do a routing sheet. So I encourage you to waive the 10-day rule. I think they deserve it.

CHAIR DEMBO: I'll entertain a motion in that regard.

BLANDFORD: So moved.

CHAIR DEMBO: Okay.

GESUND: Second.

CHAIR DEMBO: Professor Blandford made the motion. Professor Gesund seconded. Any

discussion about waiving the 10-day rule?
All in favor, please say aye.

UNIDENTIFIED SPEAKERS: Aye.

CHAIR DEMBO: All opposed. Okay. So it's on the floor for discussion. Would somebody from the College of Pharmacy like to speak to this proposal? Please introduce yourself.

ANDERSON: Dr. Heidi Anderson. Only if there are questions. I'm here to respond to any particular questions. Basically, the proposal basically states, just like Kate mentioned -- can you hear me okay? Our college is currently now two divisions. We have been that way for a number of years. The faculty within the college, as well as our accrediting body, has encouraged us twice to go ahead and move toward department to try to move that process along. The accrediting body was here just again this past September, the 9th, 10th and 11th and encouraged us again. So we put the proposal together.
We've been in touch with Dr. Chard.

Also we met with Dr. Dembo

throughout this process to try to make sure we adhere with policy and it came before the committee with support from local current divisions, as well as the students, graduate students and the staff. If there are no -- that's about all I would like to say unless there are any questions?

CHAIR DEMBO: Questions for Dr. Anderson regarding the proposal? Again, my compliments to the College of Pharmacy. There was very close communication the whole time, and it sounds like there was the true consensus among members of their college community.

Without any further question, then the motion on the floor is to -- well, actually, I guess, Professor Blyton, if we made a rules exception to put it on as an agenda item, I need a motion first to consider the proposal; do I not?

BLYTON: It was approved by general consent, I thought.

CHAIR DEMBO: Okay.

BLYTON: So you don't need to do that.

CHAIR DEMBO: Okay. So all in favor of accepting the College of Pharmacy proposal, please raise your hands. Okay. All those opposed? Any abstentions? So it passes unanimously.

Okay. I'd like to set the stage before we begin our discussion here. This is how the rest of this meeting will progress. We're first going to have a presentation from the Retiree Benefits Task Force. We have several members in attendance. We have Joey Payne from Human Resources; we have Tom Samuel over here; we have Dick Siemer, Vice President for Finance and Administration. This will be for information from the task force. I explained to task force members that you have had plenty of chance to review this, so hopefully this will point out the high points or things that may have been unclear. There are some handouts coming out. I'd like the next thing to follow to be specific questions to be asked of the task force, things that were unclear, things that have not been answered for you. So before we get to any other actions as a result of the Senate, that we have a chance to have a good discussion with the task force asking them about the substance of their recommendations.

Now, what is the routing as currently proposed? And, Tom, tell me if you disagree with any of this. The task force recommendations, as they currently exist, will go unmodified to the Employee Benefits Committee. Karen Stefaniak is the chair. Karen, I saw you here. She's in the back. However, as a result of the University Senate discussion, Staff Senate discussion and all the forum that will be held across campus over many days, comments from those discussions will also be forwarded to the Employee Benefits Committee. And, Karen, you and your committee are going to meet on December --

STEFANIAK: 16th, I think it is.

CHAIR DEMBO: December 16^{th}. Okay. It's on the Web site.

STEFANIAK: Yeah, correct.

CHAIR DEMBO: In the Mining & Minerals Building. And at that point, your committee will discuss all the findings together and then at that point we'll send your report to the President; is that correct?

STEFANIAK: Correct.

CHAIR DEMBO: Okay. So as far as you planned it, there'll be that one meeting to compile --

STEFANIAK: Right.

CHAIR DEMBO: -- all this information together?

STEFANIAK: At this time, that's the plan.

CHAIR DEMBO: Okay. The Staff Senate will be meeting this Thursday in the same room. And Chair Brothers will be running that meeting, so I'm very glad you're here to listen to our discussion. I have complete confidence that this is the group on campus, this group of faculty, staff, students and administrators that care the most about what happens to the University and its employees. So I'm convinced that what we produce out of today's discussion will be something meaningful and will help the University to move in the right direction, whatever you deem that to be. So in that regard, I'd like to see our discussion be collegial, productive and putting us steps forward, further than we were when we first started. So at this time, Tom or Joey, how can I help -- and Dick.

SIEMER: Thank you very much. I apologize. I'm getting the flu, and the people who have gotten the flu, you know how this -- like my mind feels clogged. So I'm going to try to be as coherent for the few minutes that I'm on the stage, and then turn it over to Tom Samuel who knows about it. This is an excellent issue that I appreciate you're here to consider.

I could go back to World War II

and explain how benefits like this got into the structure of organizations, universities and companies. But probably a more reasonable point to start is when in the last year or so when we realized that there was a huge unfunded liability associated with this, and people who pay attention to numbers understood why that was happening. And it's really an evolution of the national argument.

We're having more people retire and a static population with increased costs. And over the next 30 years, our costs for retiree health care are going to move from -- if the model is correct and the future remains unchanged, from $7,000,000 where it is this year to $85,000,000. That doesn't mean we shouldn't do this. I mean, this may be a benefit that everybody wants to maintain. The reason I think it's a good stewardship conversation is because there's a tradeoff as we move into the near and longer term between making these dollars that the University has at the margin available for this benefit or available for other uses that it could have, whether it's salary or other benefits. And it's a discussion that ought to be shared broadly within the University. I was pleased, and I can't take for the fact that the administration set up the task force led by one of our very best faculty who has expertise in this area, who will talk to you. They had, I think, wonderful deliberations. Came forward with a recommendation, and now want to share with you and other members of the University community for advice and counsel. I can assure you the President and the senior officers of the University, the Provost, Executive Vice President of Health Affairs, have come to no conclusion about this. Are simply looking in the way shared governance works to the members of the University community through its elected representatives to give advice and counsel on how we ought to do this. It's a serious issue because as it moves forward, there'll be a -- we agree that this benefit will not change. It will consume a gradually larger piece of our budget and will have an impact in other ways, but that's certainly a conversation that ought to be held here. Tom do you want to go over the conversation.

SAMUEL: I'll try to take as little time as possible to sort of fill in some of the points that are -- have not been covered otherwise. You have seen the task force members, and I think many of them are here and will certainly hopefully help me respond to questions as they arise. I want to point out that there have been considerable discussion about the fact that we were talking about the Governmental Accounting Standards Board rules as somehow changing something. The only thing it changed was, and I think this was how it arose in terms of a task force being appointed, was that it suddenly required the University to consider that number, and that's a large number of about $350,000,000 of unfunded liability, that is, promises have been made that have not been funded in the past. That didn't change the liability, however. That liability was there, and in fact, many members of the task force who have been members of the Employee Benefits Committee over the years have discussed this particular problem of an unfunded liability that was building up at the University of Kentucky without any recognition or discussion on campus. It was like we could just continue to go on funding this benefit in the year that we received it as retirees and not worry about it. Well, the fact is, as you will see from the numbers -- in fact, Tim, could we maybe bring those numbers up?

We could look at the numbers and see how they grow over time and ultimately begin to consume more and more of the University's resources. This is, as you can see we're now right at about $8,000,000, $7,000,000 in benefit costs this year for retiree health insurance. That grows over the 30 years and to where at about $85,000,000 of being paid for retiree health benefits.

And the question is -- this was the question that was given to the task force: Should we, in fact, continue this benefit at that level? One of the things that the task force members felt was very important was that we needed to continue the benefit. It was an important benefit. We knew, though, that in 1992 when private employers were required to recognize the unfunded liability, that things changed in terms of the private sector. For employers with more than 500 employees, they went from 46 percent offering retiree health benefits in '92 down to 29 percent in 2002. So you can see there's been a decline in terms of the number of employers offering retiree health benefits. For employers with more than 1,000 employees, those offering pre-65 retiree benefits went from 89 percent down to 72 percent. Those same large employers in terms of Medicare-eligible retirees went from 80 percent down to 61 percent. So we're looking at something between a 20 and 25 percent diminution of services offered by the employers, large employers, over that 10-year period.

Recognizing that and recognizing that we did want to continue the benefit, and that in fact were just beginning the era, when the baby boomers begin to retire. For example, in 1950, the number of workers, that is people below age 65, between 28 and 65, were about 7.3 per retiree, person over age 65. Today that number is somewhere around 4.7 workers per retiree. By 2035, that number will be about 2.7 workers per retiree. That influences the ability of those people that are working to pay for us that are retired. And what we're saying is that as this number becomes larger and larger, that burden is increasing on fewer and fewer people. We're asking them to pay for those of us who have retired. So with that in mind, the task force said we need to consider altering this benefit; preserving it but altering it. One of the things we did also is look at our benchmarks. We could only get information on 17 of the benchmarks. Eleven of those benchmarks have a charge per month of between 50 and $223 per month to the retiree for retiree health. For six of them, there's no charge at all. So you suddenly say, okay, what can we do? How can we organize this benefit so that it is still a viable benefit, so it is still there to take care of people in retirement? And one other point I guess I want to make -- and that's how we came to the conclusion we came to. That's how we got there was trying to preserve the benefit and make it a reasonable benefit in terms of our ability to fund it over time. One of the concerns is that many employers in the private sector that have not already done away with retiree health, are considering doing that. Fifty percent of the large employers have a cap on their contribution to the employee retirement. Fifty-seven percent of those have already reached that cap which means they'll never contribute more to the future retirees in terms of how much they're going to receive. So when we looked at all the various and sundry information before the committee and considered the unfunded liability and the cost, the increasing cost of this benefit, we said let's look at an alternative. Tim, could we go to Table 5, and then I'll open up for questions. Thank you. Just one more, 6. What this is, this is the current benefit in yellow. This is the revised D, the one that we've been talking about. Assuming that future retirees or future employees are allowed to enroll in the retirement plan. The red line assumes the revised D which has been proposed by the committee but that we would as of 2005 not permit new employees to enroll in the retirement system, retiree health benefit system.

So with that, we're open for questions because I'm told by Jeff that really the committee or the faculty both have been well informed as to what the issues are.

ARTHUR: Mary Arthur. I wonder if you could say briefly what the data are that contribute to your projections with the green line? What the data includes that give us that projection up to 75 or 80,000,000?

SAMUEL: First of all, it's done by our consultant Mercer, and I don't pretend to be an actuary to know how to do that, and if you want to talk to them, we'll give you their phone number, number one. But number two, it obviously includes the increasing cost of healthcare over time. It has a projection of increased retirees from the University of Kentucky, and what else? What am I missing, Joey?

PAYNE: The medical inflation and increased number of retirees?

SAMUEL: Basically, medical inflation and increased number of retirees. Yes.

TAGAVI: Kaveh Tagavi. I want to make observation on the last few questions. The name of this proposal is retiree benefits. Five of the members are retired or very close to retiring and I think some others are closer to retirement, but amazing enough, this affects the current employees more than the retirees. It actually safeguards the retirees. That’s kind of an interesting observation.

My comment is on liability. Let’s say I have promised my son to give him a $500 birthday present for the rest of his life. But when I apply for mortgage. This is not a liability on my part because it’s out of my generosity. I can stop it any time I want to. Your Rule 90.1.3 which I have sent to the Senators, says you can stop this any time. So having said that, to be an unfunded liability, you have to be a liability. Do you consider -- does UK consider the retiree benefits a liability, a legal liability? And I know that's a trap question but I hope you answer it correctly.

SAMUEL: I hope I didn't, I think. But at any rate, I will turn to Clay Owen for the answer to that because far be it for me to determine how we're going to answer it in terms of putting that onto our balance sheet.

TAGAVI: And one other thing, when did Rule 90.1.3 be changed in writing in the University?

OWEN: Lynn on the HR policy, was it '97 that codified for the first time?

WILLIAMSON: Correct.

CHAIR DEMBO: Time out. Let's introduce everybody who's on the floor.

OWEN: I'm sorry. I'm Henry Clay Owen. I'm Controller at the University.

CHAIR DEMBO: And Lynn.

WILLIAMSON: T. Lynn Williamson, Human Resources.

TAGAVI: I was hired before '97, so I'm safe.

OWEN: Well, strictly from an accounting perspective, you're exactly right. If there is no continuing legal commitment on the part of the University to retirees, then there is no legal liability that would result in an accrual entry that would affect the accounts of the University.

However, if this is a benefit that the University offers to its current employees and to its current retirees and there is an expectation that that benefit will continue, then clearly that benefit will have an impact on future budgets of the University of Kentucky and certainly on the statement of assets, as you would know as the balance sheet. So from the standpoint of prudent fiscal management, we have to measure that the amount of that future liability, and if in fact the present plan continues, then we would have to record that as a liability against the books of the University. At this point, it's not completely clear as to whether or not the University will have a reportable event or not, but you're exactly right in the analysis that you used. If it's simply an expectation that we may do this, but there is not an absolute commitment to it, then there may not be a liability.

SAMUEL: But let me just -- let me say that these numbers are still real, if in fact, all it means is that we'd be postponing when we're not going to do this. Surely, I guess as we have fewer and fewer workers per retiree. The longer we delay that, the more complicated it becomes to fund the unfunded liability because we have fewer and fewer people, be they taxpayers or be they employees or whatever, to pay for that -- that benefit. It seems unfair to go forward with our generation, and I will -- I'll say my generation since I would be a beneficiary if we decide to postpone it, and say that that belongs to somebody else. Somebody somewhere along the line is going to have to honor the fact that this is costing more and more money for the University, reducing the ability to do other things, for salaries, for benefits for current employees. All that -- I mean, there's only so much money at some point to pay for that benefit. Now, if we say we're just going to leave it out there and at some point we'll let some other administration decide that, in fact, this is something that needs to be addressed, I would say that's not something I would want to participate in. And so -- the reason the task force, in fact, honored this particular liability is something we needed to address because whether it's recognized on the balance sheet or not, it's real.

CHAIR DEMBO: Professor Peffer. Then Professor Gesund.

PEFFER: Hi. Sean Peffer. Just one real quick thing. I know you're using the word liability, but I think that's messing it up. The idea is that's what we think we're going to have to pay as a University going out in the future.

SAMUEL: Yes, that's what --

PEFFER: That's what we think --

SAMUEL: That is a budget item.

PEFFER: So when we hit 2020, we're going to have to pay $34,000,000 out there, that's just a given, if we keep going the way we're going.

SAMUEL: You're correct.

PEFFER: Therefore, his comment is or their comment is: We've got a problem if retirees keep going up, and the amount we got to pay each one keeps going up, if we keep the same plan, we're going to run into a problem paying out the cash later.

Whether we report it as liability, don't report it as liability, all that, that's pretty much all irrelevant. Does that kind of make sense? So it goes back to their argument whether -- their argument is look out there in 2024 we've got to come up with $51,000,000. And that year, we're going to have a real hard time doing it, that kind of a thing. Just when you use the word liability, I think it’s messing it up.

SAMUEL: Thank you very much, you’re correct. Because this is a budget projection here rather than a liability. If we wanted to put out the liabilities, we decided that the nature of present value et cetera of all the liabilities was really getting in the way of a true discussion. And this is not about liabilities. This is about a budget item that has to be funded in those years, and I will tell you those are very conservative projections. Our consultant, I think, is at about a five percent medical inflation by the time we get out 10 years. I don’t happen to think that’s going to be the case, but I was not going to try to interrupt our consultants in terms of their projections, and their point is at some point health care cannot continue to go up. I remember when it went it to ten percent, and we said it couldn’t go any higher, and it has.

CHAIR DEMBO: Professor Gesund was next.

GESUND: Hans Gesund, Engineering. Did anybody on the task force consider the honor of the University. The fact that the University made a promise to its employees long prior to 1997 when the weasel words were inserted somewhere in thousands of pages of regulations. I happen not to have a horse in this race. Neither -- I have taken my wife and myself out of the University health insurance plans completely sometime ago. We have Medicare and we have our Medicare supplement insurance provided by the Department of Defense, thanks to my Army service.

I do -- I am in my 46th year on the faculty here. I have a great stake in the honor and integrity of this University which the task force is trashing. You are saying that the University should break its solemn promises to its employees, to the faculty, to the staff. That stinks. And I have absolutely no confidence in people who want the University to have lied to its employees, to its staff, to its faculty. The University, first of all, has to be an honorable institution. The faculty depends on honesty in all its work. The students depend on our honesty. If the University is not going to deal honestly with its employees, who will? Frankfort? Washington? No. We are the University. We, the staff and the faculty, and if the University can break its promises to us, if you want the University to break its promises to us, regardless of anything else, then we can break our promises to the students, and we can turn around and tell the students: Oh, the University needs more money. You're going to -- we're going to add 30 hours to your degree requirements so you'll stay here an extra year and pay us more tuition. And we can turn around and tell the alumni: You're going to have to come back to school and do another 30 hours to validate your degree. What's to prevent it? Once trust is broken, it's gone.

Now, as far as the politicians among us are concerned, if the University breaks its promises to the present employees, how are we going to hire the first class, top-notch people we want to hire? If they can't -- if we can't trust the University, can they? My advice would be: Honor your promises to the present employees, to the staff and faculty, and I hope the Staff Congress will do this too. And then as far as future hires are concerned, be up front with them. Tell them honestly that we will try to give you these benefits or some benefits, and then hope that eventually the U.S. Congress will do something to relieve the whole -- the whole problem of health and welfare in this country. It's going to come. They're already working on it. So these -- this green projection heading off to the sky is a Chicken Little affair. The sky is not going to fall, and that green line is not going to hit the sky. So my -- would I be in order making a motion?

CHAIR DEMBO: I'd like to encourage you to hold off until we get some more questions to the task force.

GESUND: But that's -- that's all I have to say, and I don't want to hear -- I'm really not interested in the grubby details of changing a period here, a comma here, a paragraph there. It's the honor of the University that is at stake here and that you guys want to kill, and I can't find words enough to tell you what I think of that idea.

CHAIR DEMBO: First, let's let Professor Samuel respond, and then you're next.

SAMUEL: I mean, I will -- I will simply say that in an honorable way we are coming to the University community for exactly those comments. And if that's what the -- you as the faculty and what the administration choose to do, I think that’s fine. We were given a task of being fair not only to the retirees of the future and presently but also to employees and students of the future. And that’s what we’ve tried to do. I am sorry that you consider that we’re dishonorable in that process. I have to think that we’re very honorable and very open, and if, in fact, that’s the decision, then so be it. We believe that we did the right thing. We believe that we were, in fact, taking the best interest of current retirees, future retirees, future faculty and staff and that we believe that the funding of this over time will cause change that’s much more traumatic than that. Some of us since ‘92 have been saying we ought to change this benefit because the fact is in the long run this is an unsustainable benefit. We have not funded it. And that is the problem. And all we’re doing is coming to everybody and saying: Is there a way? This is the way we propose.

And I do not feel dishonorable in that process. I feel very honorable in that process. And if, in fact, the vote is differently, so be it. That's fine.

CHAIR DEMBO: There's a question over here.

JOHNSON: Keith Johnson, Business & Economics. We're all mesmerized by big numbers, so I've got a couple of questions. Number one, are those nominal or real dollars. Nominal dollars, of course, are inflated dollars, and they're pretty hard to interpret, I presume that they're probably nominal.

SAMUEL: Those are nominal dollars.

JOHNSON: Pardon me?

SAMUEL: Those are today's dollars.

JOHNSON: Yes. Secondly, the forecast -- whenever we try to forecast anything, and I've been involved in a lot of forecasting projects, doing anything over approximately eight to ten years is really, really -- you're on shaky ground. So you might get pretty good up to about 2016 tops, after that, you have no idea what's going on. The third thing, probably what's really relevant, is percent of the University budget that this represents, and if this is the declining percentage at present budget -- the University is growing much faster than that, then it's really not as serious an issue as it appears by your dramatic line. Fourth thing, I question was other alternatives considered? For example, you have the example where somebody could retire at age 52, you know, meet the requirements and all this kind of stuff. I presume the bulk of the cost on retirement benefits there and medical, is people retiring before Social Security kicks in or Medicare rather and which -- in which case that -- because I think Medicare picks up a good chunk of your medical expenses when you're over 65. So if you -- did you investigate the possibility of altering the early age at which you retire or at least reduce benefits for retiring early, as opposed to those retiring at 65 or later.

SAMUEL: We did, and the impact, Joey, was minimum?

PAYNE: Yeah. The 251,000,000 liability is basically already incurred by the 2,300 retirees that we have and the 1,600 employees who are eligible to retire right now under the rule of 75. You know, when we started looking at the problem, we said: What if we eliminate early retirement? It didn't have a material affect because -- or we said: What if we make the rule of 75, the rule of 85? Most of the people who have met the rule of 75, in that 1,600, they have the additional years to meet that as well. So you can't make that liability go away, you know, for those people. And when you look at the numbers running, the 2,300 retirees, you know, it doesn't take five to seven years if there's no change at all before you have 4,000 retirees. People are living much longer than they have in the past, and we're adding a number of new retirees each year. And we anticipate, you know, with 1,600 people eligible to retire, that there be a lot more in the near future.

SAMUEL: What we did -- let me just say we did explore, as Joey pointed out, changing the rule of 75. As a matter of fact, that was my first response. It just seemed like that would work. And other universities have done that. Other universities have made changes. Ohio State has gone from five years eligibility for retirement to 15. Purdue has stopped subsidizing spouse's of retirees. So that all of these -- I mean, there are a number of changes going on out there now, primarily because of what we're looking at here. But, we looked at a number of options. In fact, the last -- you have Scenario D because we went through several before that, and we, in fact, at one time were going to present many of those. We found that what we were going to do was actually be more confusing rather than clarifying. And we said: Let's come down with a recommendation. Let that recommendation go forward and let people respond in terms of questions. We'll respond to those and we'll try to answer the questions.

CHAIR DEMBO: Professor Goldman.

GOLDMAN: May I have the permission to address the Senate? I am not a senator.

CHAIR DEMBO: You have the floor.

GOLDMAN: Thank you. What I want to observe is not intended in any way to detract from the ethical point that Professor Gesund made a moment ago. But even if we were in a budgetary crisis that forced us to say: Well, where is the money going to come from? The money is there if you would look at the bigger picture. When you make it less desirable for someone to retire, they don't retire. I'm 65. I haven't begun to think of when I'm going to retire. There's no real incentive in it for me. If I stay on for another 10 years, with this proposal, they'll be even less incentive for me. If I stay on for another 20 years, they'll be still less incentive. In fact, any possible contribution to my health insurance will be -- have been wiped out under this proposal.

Now, what does that do? I took a look at the -- at the -- the covered fiscal year data for the average compensation at the University. The average compensation for a full professor, this is salary, $85,598; associate professor, $60,618; assistant professor, $52,593. If I defer for 10 years retiring, that's 10 years when an assistant professor is not going to be hired to replace me. If we use the average figures here, and keep in mind that the most senior people probably are making a bit more than the average for a full professor, but if we use just the averages and if we assume that it takes five years for a new assistant professor to go from assistant to associate and then another five years from associate to full professor -- and I think in many departments that would be a pretty fast track -- here's what we come up: For the first five years, the difference between a full professor's salary on average and the average associate professor's salary is $33,005. Oh, they've got it up there. Thank you. If you multiply that by five, that's $165,000. Potential savings in compensation for the University that has been discouraged, that has been lost because people aren't retiring as quickly, and then if you add to that five years for the difference between an average associate and full, that's another 124,000. In other words, close to $300,000 of savings is lost to the University by not making it more attractive, by making it less attractive for people to retire. This is a counterproductive proposal as far as raw financial interests of the University are concerned. Putting aside all the other interests involved in bringing new blood into academe. And those figures, by the way, are some -- a bit of an underestimate because there's some other factors involved. There's also a payroll tax for Medicaid that would be on top of all of those figures. And then what we're talking about is an insurance pool for the active faculty that has more and more old fogies like myself who have to have major procedures, and I've had two already. That's part of the insurance pool for the current faculty. It's not just us gray hairs who are affected by this, even more the younger faculty is affected adversely by this proposal. Thank you.

CHAIR DEMBO: Is there a response?

SAMUEL: I will say that, again, this -- it may be that, in fact, I mean, I'm certainly doubting the numbers that are here. Our consultants, and I will say again, I go back to the numbers that we're looking at to begin with are based on their experience, not just here but other places, with private employers that have made these same kind of changes over the years. I will say that they do not have the permanent status employment of a faculty member, and therefore there may be a difference on that basis. I would hope that they had considered that in terms of the numbers that they gave us. But certainly we did talk about the number of people that would likely retire. In fact, these numbers assume that if we go to Scenario D that we would get some earlier retirement in the short term. It did not -- we did not try to address what it would be in the long term in terms of people staying on longer. So this is a valid point that the administration should consider.

CHAIR DEMBO: Professor Steiner is next.

STEINER: I'm not a member of the senate. May I address the floor?

CHAIR DEMBO: You have the floor.

STEINER: Thank you. I agree with what you said before 100 percent, I'm also in that range. And it's a disincentive; a very strong disincentive and I expect there are a whole bunch of people who say

-- in the same -- the same boat. The other thing is when you mention the benchmarks, industry is really -- we don’t pay like industry.

UNIDENTIFIED SPEAKER: Yeah, yeah.

STEINER: And we shouldn’t basically be judged by industry.

UNIDENTIFIED SPEAKER: Thank you.

STEINER: We come here, basically our salary -- and even if you want to compare us to the benchmarks we’re bottom feeders, we’re low. There’s no question. I’ve been on committees also seeing -- seeing the range and we’re -- we’re the absolute bottom aside from administrators, who are up there in the middle of the pack somewhere, which -- which is the case. At any rate, you mentioned the benchmarks. Those are important to us, right? That’s what we’re -- we’re not aspiring to be McDonald’s or other things -- we’re aspiring to be benchmark. And you said that they’re increasing by 50 to 220 on retirees, that’s the range that you gave.

That's the range that you gave.

SAMUEL: Lets see, 223 yeah.

STEINER: 223?

SAMUEL: Uh-huh (AFFIRMATIVE).

STEINER: So why aren't you considering

-- I mean, it's understanding that -- that healthcare costs should increase for retired people to some extent, but the cap will take you out about 12 years, and then -- then at a time when it's probably needed the most, in that sense, and then it's dropped, and that's it. Now, faculty might be able to survive it, and they'll probably stay. In fact, they might be able to survive it. Certainly, staff will have great, great trouble, in my opinion, based on salaries, very low salaries at this University. Which brings another point, and that's a recruitment point. One of the reasons that we get -- staff after staff after staff says, you know, I could do better on the outside with the benefits, and part of the benefits are obviously retirement benefits. And I think -- I think it’s a tremendous disincentive for hiring. Faculty come here and faculty will leave. Get near retiring -- you know, you’re in the prime of your -- your life and all of a sudden another university asks you, and they have a great retirement program, it’s not going to be a major thing I don’t think. But it certainly will be something driving you in that direction. This University needs to be attractive, and we aspire to be a class -- class institution. This is not a class type thing, in my opinion. It’s -- it’s a disincentive. I think it’s negative down the line. If you increase the amount that people pay, they can live with that, because, you know, there’ll be increases and significant -- I think people can live with that over time, and budget, we can live with that. If you put an absolute cap on it, particularly staff, I think, faculty too, but particularly staff, they’re going to be out of the system. This -- what you're going to have is what you have in the country now. The very poor people will -- I mean, just -- it's a very bad system, and I don't think the University should be party to that. Even our benchmarks. You're not saying that they're -- they're capping. You haven't -- are they capping?

SAMUEL: No.

STEINER: So none of our benchmarks are capping.

SAMUEL: Not that I know of.

STEINER: Well, but that's good enough. Why should we, bottom of the pack, start capping. I don't understand why -- you know, we're working in a reverse way it seems to me. We couldn't find an accommodation that will help -- I'm sympathetic to that. Not this way. This is a very, very -- (inaudible).

CHAIR DEMBO: A response?

SAMUEL: In terms of the cap, I don't want to get into the details as Goldman said, we don't need to talk about commenting, et cetera, but the cap on the current retirees and those that retire prior to whatever point in time this would be implemented, the cap is several down the way before that’s realized. I -- I -- that is a problem perhaps, but if, in fact, we’re going to get national health insurance, we would have some kind of solution at the Federal level. For example, we did not consider the possibility of passing a pharmaceutical benefit this particular year which would then stretch that -- those dollars out for a longer period of time in terms of what we, in fact, could spend from that. For our Medicare retirees, about 60 percent goes to the purchase of pharmaceuticals. Forty percent goes to other medicals -- spills over -- Medicare retirees, 40 percent goes to other -- other items. But we considered the issue of continuing a retiree health benefit. Our concern was if we don’t get a handle, then the natural inclination, which many employers have gone to is to, in fact, exclude new employees from participating in the retired health benefits.

STEINER: Are there benchmarks on this?

SAMUEL: Are there benchmarks --

STEINER: Benchmarks on this?

SAMUEL: Well, we have several benchmarks that currently don't pay anything for the retirees or any of them already. Purdue, for example, pays nothing.

STEINER: But has this -- have they changed the system that you're saying --

SAMUEL: Oh.

STEINER: That's what we should be aspiring to.

SAMUEL: Well, let me just say that we, in fact, the University of Kentucky is considering this before others. That's another point. If you want to wait on this and see what everybody else does, we can do that. But this rule doesn't take effect until July, 2006.

So that in fact many employers, our public employers, have not currently even begun to consider, in addition, many of them are part of state retirement system. For example, here in Kentucky we have at the regional institutions many faculty have no retiree benefit at all if they're not part of the state retirement system. Those that are part of the state retirement system do have as a component of that retiree health benefits. But there are many that have no retiree health benefits already. By their own election, however, I will say. This is not something the University imposed. But by their own election, they chose to go into an alternative retirement system which did not have -- did not have retiree health benefits.

CHAIR DEMBO: Vice President Siemer has asked for the floor.

SIEMER: I just want to make a comment. This is my first experience with the University Senate, and -- and -- mixed feelings --

CHAIR DEMBO: Well, come back now.

SIEMER: The -- and the reason I say that is not because the comments in and of themselves are -- are unfair. But what I should say is it's not fair to direct them in the way they're being directed at Professor Samuel. He's simply been asked to do a study with people throughout the community to come up with an inter-generational answer. And I don't think he's less honorable because of that. He has -- he has brought forward a recommendation that his committee would have brought forward, and certainly it's correctly being discussed here. If there's -- if there's lack of -- of -- if there should be a focus on who brought it forward, of course, I'm the one that brought it forward for the discussion. I could have, in fact, tabled it before it came forward to a larger conversation, but I thought it deserved to have, because so much time and energy were put into it, and the issue was significant enough, it deserved to have the kind of conversation that a good University has about these issues. My only disappointment in this conversation, not that you're raising -- the points you're raising, I think they're all valid and -- and should be considered. It seems to me, as an outsider coming into your group, that it's certainly not Professor Samuel that -- that in any way in this -- you know, lacks honor in this conversation. He has simply tried the best he can to bring his expertise to bear to help this University in a way that, I think, he would like to do. So...

CHAIR DEMBO: Professor Yanarella, you had your hand up next.

YANARELLA: Thank you. I'd like to speak as the chair of the Ad Hoc Senate Committee on faculty salaries. We have been wrestling with this issue for several months now. And we're at the point where we're trying to hone our -- our draft resolutions. Now, what I'd like to point out first is that the assumptions and the expectations of that committee and those of the mounting chorus of faculty critics of the latest proposals of the Retiree Health Benefits Task Force seem to be really quite convergent. In our work, we have emphasized the need for moving toward a total compensation package, both salary and benefits that will make the University of Kentucky more competitive with the benchmarks and other universities that stand well ahead of us in public university rankings. Certainly, the commitment to quality and excellence entails increasing not decreasing the overall compensation levels of faculty, both those presently on board and those who will be hired in future years. In addition, the Faculty Salaries Committee has also examined an underlying equity issues that relate to the treatment and the reward of loyal faculty members who work to build this University and -- and carried out, I think, with honor and dignity their responsibilities of teaching, research and service over most of the lean years that we have experienced over the last 20 years. Now, the arguments that bear on the pursuit of excellence and higher rankings by the University, and those relating to -- to remaining competitive in attracting new and meritorious faculty, I think, are -- are well known. And certainly within our committee we have -- we have consensus. What I'd like to emphasize are, well for me, are the equity arguments relating to those faculty members who have given good weight to their roles as teachers, as researchers and as servants of the University community in the Commonwealth. I'd like to begin with a concept that many of us are probably not familiar with, and I only learned about some years ago, and I picked it up in a book by two sociologists. And that's the notion of sacrificial contract. This is a -- this is a concept that was used by the authors to describe the bargain that elements of the American working class reached with corporate management. In effect they -- they argued workers in mass production industries accepted the fact that they would take on boring, repetitive, often injury-prone jobs in exchange for the promise of a better future for their children and their children's children. It strikes me that many of us who have demonstrated our intellectual commitment and institutional loyalty to the University have been willing over the years to accept meager salary increases, often promoting salary compression and even salary inversion while giving our best because we look forward to our retirement with relative dignity and reward that was offered by the University in its contribution to our retirement plan and to retiree health benefits. Now, under the pretext of a situation with no legal imperative, it seems that we're being threatened by a situation where the University may renege on that tacit contract, that tacit academic sacrificial contract, if you will. And I think this is also taking place, and this is the concern -- major concern of the Faculty Salaries Committee, this is also being done despite the professed concern of this administration with making strides towards greater excellence and achievement. It seems to me that we need to remind the administration that it risk being seen among the public and the watching media, both as cavalier and heartless in breaking this long-standing contract, and it's hypocritical as well in claiming it wishes to pursue steps toward higher status and better rankings among public universities. If it's going to pull the rug out from under these existing benefits. Those of us who have worked steadfastly for a new day and a new chapter in the history of the University need to underscore the fact that we are not simply human capital to be invested or used up, we are not merely human resources to be casually expended or manipulated for higher return. We are people, not personnel, to be treated with dignity and respect who have earned a right to a level of health care in our retirement which this University owes us. That's my basic point.

CHAIR DEMBO: Professor Cibull.

CIBULL: Mike Cibull, Pathology. From what you've said and what I've heard, there's no emergency to do this this year; is that correct, and that none of our benchmarks have really addressed this, and that very few universities have really addressed this? I would suggest that you guys all get together and talk about it before the University of Kentucky becomes the leader in benefit rollback. It doesn't make sense for us to be the pioneer in this. I don't see the rush to do this.

SAMUEL: Well, I will -- I will say first of all, we were given a charge to do something. You can talk to somebody else, Mike, but in terms of my response, I will say that I do think there's some value going forward. And I think that has to do with they're going to be changes elsewhere in Kentucky. And we could become part of those changes, and that may or may not be beneficial to the faculty. The legislature at any time could decide to change the way these benefits are administered, and they may not be as beneficial as what we are talking about here. I think part of our thinking in the committee was the quicker we resolve this, and if the resolution is we're not going to change anything, that -- that's fine with us. But I think we were saying it is better to go forward affirmatively, make a decision. And in fact, I'm not sure it's -- I understand it's -- I'm not saying it's good and I will tell you that you even on the committee I moved to try to make some changes for lower paid employees which the remainder of the committee did not go along with because I happen to think that's really where the problem occurs, not that it's totally fair to faculty. I'm not trying to say that. But low paid employees are particularly adversely affected by the suggestions that we're making here. And we'll be talking about that on Thursday at the Staff Senate. I -- I do agree with that. And -- but on the other hand, if we don't make the changes, and somewhere down the way a change does come, it may not totally be within our control at that point --

CIBULL: I'll tell you from my experience, worrying about what other changes -- other people are going to make rarely protects you. Shooting yourself in the foot doesn't generally protect you from other people shooting at you as well. And that's been true in the federal -- federal government. I -- I would not use that as a reason to change. And if you have problems, you -- if you have ethical concerns about what this does to lower paid staff, then I would -- I am surprised that you would bring this forward. If you think that this -- that this is so disadvantageous to the people who work here, and I'm not talking about faculty and I'm not talking about myself because my wife won't let me retire. But if you have problems like that, then I would think you would be the one that wanted to put this on hold and reconsider it.

CHAIR DEMBO: Okay. I'm going to step in for a second here. So first, Vice President Siemer, I really appreciate what you said about the -- the need to maintain collegiality and the fact that it's not a personal thing. But on the other hand, we have some very important recommendations that are going forward from this task force. I'd like to reserve this time now for any other questions of substance and process about things you may not understand about the task force and its recommendation. Okay. So now, these are limited to questions of substance or process. Okay. Professor Albisetti.

ALBISETTI: No one has mentioned how up until 2017 or so on your chart, the new plan will, in fact, cost more than the existing plan. The lines only cross 12 or 13 years out -- they've disappeared. Is the assumption that you're going to encourage more people to retire early by this January 1, 2005, deadline, so this is really a policy about early retirement as much as it is about long-term retiree health benefits?

SAMUEL: Dick, do you want -- you want me to respond to that?

SIEMER: I can too. I think the -- without being the person that modeled the exercises, they made some assumptions about the change that would -- would affect people's decision to retire, so it will cost more in the short-run. The short-run is 20 years. It's what I said at the beginning, I mean, we're not bringing this to you because this is -- this is a short-run budget answer. I mean this is a stewardship question. It's -- there is no short-run benefit to the University in -- in changing the healthcare plan for any reason. It simply has a long-term effect on the

University's finances which is explained here. I think that, without the -- again, Mercer would be able to say this easier, but it presumes there will be a bump and people are retiring earlier, and that will carry through for a number years. In this case about 15 or 20 years. That the 1,600 employees that are still here will make an election, and I wouldn't have any idea what that was, but my inference, says some number will make an election, and that would increase the cost until they work out of the system.

CHAIR DEMBO: Professor Govindarajulu, a question of substance or process?

GOVINDARAJULU: I would like to ask a question. You're projections are based on certain assumptions. For example, one of the assumptions you are making is .5 increase in the healthcare cost and that is projected over time. Have you considered -- and also you assumed the number of retirees (inaudible) salary rate. And as Professor Goldman was pointing out, Al Goldman, that -- there's only certain --

many people have a tendency to work even longer because of the deflation going on and situations (inaudible) and I -- I don't know whether you have taken that into consideration. Number two is, have the committee considered risks in the healthcare cost? Is there any way you can contain the healthcare costs?

SAMUEL: As I said, from my perspective this projection from ten years out at five percent is conservative unto itself. We did not try to -- in terms of a Medicare supplement particularly for over 65, try to get into how to control cost, because at that point the University is really supplement to the -- the Medicare plan. Now, with our own plans, we have done that. We have instituted a number of things to try to control the rate of increase in healthcare costs. And in fact we've been very successful in terms of controlling the increases in healthcare costs here at the University so that our benefits are more affordable. When it comes to Medicare-eligible retirees, it's very difficult for the supplemental plan to be the controlling agent in terms of cost.

CHAIR DEMBO: There were a few other hands up. Questions about substance or process.

BRAUN: Michael Braun, College of Engineering. I still remain very concerned about this being sort of a one-size answer that fits everybody because of the $50,000 cap. I mean, I would imagine, you know, that Tubby, once he hits his $50,000 could kind of kick in a little bit more and keep moving, but, I mean, we've got a whole lot of staff in particular who are -- who are very low paid, and if they run out of their 50,000, then it's going to be a major portion of -- of their retirement income. Now, you mentioned that this was, I think, brought up but you were apparently overwhelmingly voted down, I guess, I've got two questions: How many lower staff, paid staff people were on the task force? And then secondly, I'd like to hear the reasons why it was voted down?

SAMUEL: Well, let me -- we didn't go into why but I -- I think I can speculate as to why. The concern was that for existing retirees and those that are close to retirement that, in fact, they had less time to prepare for some kind of change. And that people that had a longer period of time, could, in fact, more likely change their investment habits or savings so that they could more likely accommodate the changes. But I will bow to any other member of the committee that wants to speak, but I think that really got down to the -- the idea that people that are already retired or are close to retirement have less capability of making changes in their preparation for retirement.

BRAUN: Well, I guess, my question is about means testing, if you will, in this policy, was that ever considered?

SAMUEL: Well, (inaudible) -- Joey, go ahead and respond.

PAYNE: I think Tom misspoke. What --

what -- when he raised the issue was with the task force is that he thought that people who have not yet retired, not low paid people, people of my generation that we should get more money versus the people who are already retired or soon to retire. That -- that is what the committee debated over. And the rationale is that somebody who's already retired if you try to put a large cap, you know, that it's in the near future or some finite amount of money on them, they have no way to modify their retirement income to adjust for that. However, somebody who is not yet retired if you change the benefits in midstream, then they understand going into retirement what it's going to take for health benefits. And somebody who is my age has a number of years left to work who might be able to save. So that's where the discussions were around is those people who had, you know, many years left to work not low paid people in general.

SAMUEL: Well, that -- that's correct,

but I will say that my -- let me just take my own personal motivation. It really goes in particular to low-paid employees that have less capability of -- of saving for that point. That -- that was -- it -- it is true I was talking about younger employees, but I also, in particular -- that's sort of like a square problem if you're low paid at the same time, then you really can't change your current consumption in order to prepare that process, and therefore I felt we should try to provide more for that group.

BRAUN: So means testing was never considered?

SAMUEL: That's not something we considered. I will say the University of Illinois does that. That's the only one of our benchmarks that does means testing. It's right at about, I think, $40,000 is where they make some kind of differential in terms of contributions, so that is something that could be considered.

BRAUN: And how many lower-paid staff are on the committee?

BROTHERS: I'll volunteer. I was -- I'm sure I'm lower paid. I was -- I --

SAMUEL: Sheila, I would ask you to -- to ask if, in fact, that was not a consideration on the minds of the committee on a regular basis?

BROTHERS: I'd say the two -- from my recollection, the two biggest concerns that we had were how this would affect the lowest-paid employees and how this -- and then that was secondary to how this would affect people who are currently retired and close to retirement simply because those people that are retired currently or close to retirement have the least ability to change their saving plan. I'm not saying that there are -- and that's not to say that staff has enough money to change their savings plans greatly either, but someone who's a retiree or a current retiree doesn't have an opportunity to make a change, whereas a staff employee, although it probably will hurt, the staff employee does have a chance to make it -- or lower paid faculty has a chance to make a decision now that will affect them 25 years from now.

CHAIR DEMBO: Okay. We are starting to wind down in terms of new information that's coming out. So I don't want to stop the questions if it's questions of substance or process, but we're getting towards the time I'd like the Senate to consider if there's a motion or some opinion that would like to raise or we're going to go with this, but you've been very patient.

GARVY: Beth Garvy, College of Medicine. My question has to do with the fact that there's a projected linear growth it looks like and how does that relate to the growth of the budget of the University? And then when you have this downturn in your D scenario, you essentially flatten out for -- for 20 years whereas, presumably, the University budget is going to continue to increase. Have you considered just slowing the rate of growth rather than flattening it out so that more benefit can go to the retirees?

SAMUEL: We did talk about some kind of a gradual implementation process of any kind of change. The problem -- and that may be what, in fact, ultimately the administration's decision is if they do this. Let me just say to you that every time we drew a line, there was somebody on one side or the other of that line. And if we had like 20 lines, we had -- it seemed more complex in terms of a recommendation. It may be fairer, and that -- it's sort of like income being a possible line to be drawn. From the point of view of the committee, the task force to do that became very, very difficult and to be fair about it, I mean, there were no guidelines. We didn't have other -- others to look at, in that, people have made these decisions, employers have made these decisions, and in fact simply as of a given date. Even public employers, universities, have made decisions that as of a given date, certain changes will be made, and that's -- that's what happened. I'm not saying that's the way to do it. And I -- I will say to you we talked about a gradual implementation, it just got to be very complex because every line we drew to try to be fair left somebody out.

CHAIR DEMBO: Professor Peffer, then Professor Tagavi.

PEFFER: Just real quick, twice the question has come up, once here and once over there. This is the problem, and the problem's going up. But twice the question has come up: What, in fact, is the percentage of the University's budget going forward? And both times other questions were answered, but that wasn't. And I'm just curious, it would be a good piece of information to have up there to see what that is as a percentage of the University budget so we can really see how big the problem really is.

SAMUEL: We did not do that. We could

do that -- I mean, that could be done.

PEFFER: Yeah.

SAMUEL: I will say to you that -- the primary and our consultant was very reluctant for us to use this particular projection. I will tell you that when they got beyond 10 years, as somebody pointed out -- pointed out earlier, it gets to be really difficult to know exactly where you are. That's why we were looking at five percent medical inflation as we go on out. You're not -- I mean, if anybody really thinks that as we get more and more retirees and people -- the longer we have more medical technology, we're not going to use it, then I'd like to know how that's possible because in my lifetime, that's not been the case. That's part of the problem, I think, of talking about this as a percentage of budget. I'm not saying that's not a legitimate approach. But I -- I think in making projections both on medical costs and on what the possible increase in the budget is, but I'll leave that to the administration if they choose to do that. We felt that we couldn't take that on.

PEFFER: Yeah, but when you present it to us as the problem --

SAMUEL: I think the --

KENNEDY: Can you -- can I just throw out a number? The current University budget is $1,400,000,000, 1.4 billion.

CHAIR DEMBO: Vice-President Siemer.

SIEMER: I think the question the -- the gentleman's asking is is at what rate are these growing? And this is growing at double digits and the University budget normally grows at single digits. Next year it may look like the red line, but over time that's not what happens. It's somewhere between, you know, six to ten percent is what university budgets tend to grow. This line's going up at a higher level, so it's diverging, but as the -- as the business and economic professor said, this is in today's dollars. And so you could deflate this; you could deflate the other to make the line difference smaller. But yeah, but there is a divergence between them, one's double digit, one's single.

CHAIR DEMBO: Professor Johnson.

JOHNSON: Yeah. And the problem, you know, really is is in the 16 beyond period, you know, that's what we're all panicked about. And I think we really should have had somebody from your consulting group that provided the numbers for you here to help define it because it appears to me that the growth rate on your medical expenses and on what you're assuming is going on in the medical economy is going to be such that we will not have anything in this country other than medicine by the time we get up to -- (inaudible)

SAMUEL: (Inaudible) because I -- I would say if that -- if that rate was what we had for the last 20 years, 30 years, that number would probably be double what's on that page today. In fact we might, as a friend once pointed out, we'll all be in healthcare and we'll have nothing else to do.

SIEMER: It depends on whether the baby boom generation is going to own the government or not. You know whether they get doubles or not, but -- but what goes in the model, and again, I didn't pick the model either -- it is -- it does look funny to me because it's like after two or three years, it goes to five and five- and-a-half percent. Now, the counter- argument is you can only assume so much of the GDP, you know, in healthcare. And -- and other than the fact that I know all my -- my cohort of kids that were born when I was are very self- serving, you know -- it shouldn't take that much of -- and we should have generational distribution. On the other hand, it's been a fairly selfish generation as it's gone through. I'm not sure it's going to change now. But -- but that is a fair -- that's a fair argument. I mean at some point its number consuming a huge amount of -- of the gross domestic product, and will we continue to do that in an increasing amount?

CHAIR DEMBO: Professor Tagavi, before we get to your taking the floor, I just want to remind you that the best way for the voice of this Senate to be heard is through a motion that's voted upon. So I think we're getting towards that time if that's what you wish to consider.

TAGAVI: This previous claim -- Tagavi,

Mechanical Engineering. This previous claim if you are more than two years away from retirement, let's say ten or even three, you have enough time and opportunity to change your lifestyle. Well, I don't think it adds up even for highly-paid people like myself. Let me give you an example, two years ago I got a raise of bonus, one-time raise of $2,000, maybe 25, I can't remember. And you're proposing compared to somebody who is retiring soon that I lose 20,000. Let me do the math. 20,000, 2,000 a year, what do you expect me to adjust? How to include my next ten years' raise into this change that you are making? I don't think that adds up. There is one other logistical problem you might want to consider. Since you mentioned 2036, if we go by your numbers, in 2036 what you are -- what you pay for my retirement if I'm still here, compared to what it's going to cost, it's going to be very little. And since it's my understanding that I can only that use money as a retiree for UK HMO, here is a conflict of interest -- interest problem.

SAMUEL: It's not UK HMO at all. As a matter of fact, you could not use that as your retirement.

TAGAVI: What could you use it then for?

SAMUEL: We have a --

PAYNE: Well, I mean, the -- the illustrations are based on a 20-year normal retirement beginning at age 65 which typically the person is on the Medicare Carve-out Plan. You know, now, if you are an early retiree and you take either if you're in this Cap Program and the Notional Account, you could be on UK HMO or Humana or whatever, but that's to age 65 or you stop working. At the point you stop working and you're age 65 eligible for Medicare, you're on our Medicare Carve-out Plan. So we use the University's normal retirement date and a 20-year projection

TAGAVI: I misspoke, I'm sorry, and I'll be very quick. Okay. Any UK-sponsored plan, I cannot go to somewhere else and --

PAYNE: Right. That's correct.

TAGAVI: So there's a conflict of interest in this sense: Here you are negotiating with yourself how much should be the premium that I'm going to pay, that you're not going to pay. That's a conflict of interest problem. You might want to consider that for the future.

SAMUEL: Would the suggestion be that we should have an insured plan? Let me just say, Louisville does that. They have a set amount that they give to the faculty member, $188. And they buy a AARP type plan with that. It does not have pharmaceuticals. Remember, 60 percent of those over age 65 -- 60 percent of the consumption is from pharmaceuticals.

CHAIR DEMBO: Professor Gesund.

GESUND: Motion, you've asked for one, but first I do have one other comment, and I believe that the legal people, if your legal weasel words did not get into the personnel manual until '97, those of us who were promised retirement, health insurance prior to '97 may or may not have a legal case. And I would, as I say, I would leave that to the attorneys. I move that the University Senate reject the report of the task force on health insurance benefits for retirees.

HAHN: Second.

CHAIR DEMBO: The second, Professor Hahn. Any discussion on the motion?

SCOTT: One more time please, I'm sorry?

CHAIR DEMBO: What do you need?

SCOTT: The University rejects the

report of the health --

CHAIR DEMBO: Of the retiree benefit task force. Professor Peffer.

PEFFER: Stupid question, what's it mean if we reject it? They -- they said this is a set of facts, so what is the kind of point of procedure if we reject it, what are we rejecting. I just don't know.

UNIDENTIFIED SPEAKER: So the maker of the motion should respond.

GESUND: We are rejecting their recommendations, and we are rejecting the basis for those recommendations as enunciated by the task force. In other words, we don't believe that there is basis is correct.

PEFFER: Is it we don't believe their basis is correct, or we do not believe this is the way that it ought to go?

GESUND: That is not the point. The point is we are rejecting their recommendations and we are rejecting the report that underlies those recommendations. And, my own feeling is that it's a matter of honor, but apparently I'm the only one feeling honorable.

CHAIR DEMBO: Professor Cannon was the Senate representative on the task force.

CANNON: Well, I -- I just wanted to say that, of course, the wording of Hans' motion is a little deceiving, I think, in the sense that this is not a report to the Senate. It is a report to the administration as an administrative report. The Senate can, of course, indicate that once -- and this is the essence of Hans motion, I think, that it wants nothing to do with this, but it will -- a vote to reject it will not in any way affect the further consideration of the report.

CHAIR DEMBO: Is there a clarification, Hans?

GESUND: Yeah. It seems to me we just spent over a hour having this report presented to us, so to say that this was not meant to be presented to us is not correct, I think. It was presented to us, and we have a reason and right to reject it if the majority so moves or so votes.

CHAIR DEMBO: Discussion about the motion on the floor.

ROGER: I think the committees getting the feedback from the Senate -- the Senate so all they -- they want to get some more feedback from other outside meetings and so on. So it is not the final version of the report. I don't know why we have to re -- you know, this --

CHAIR DEMBO: This is the final version --

BERGER: This motion is a month premature at this point.

CHAIR DEMBO: A point clarification, Roger. It -- it is a final version of the report. Nothing will change in the report, but any comments from groups around campus will follow the report to the Employee Benefits Committee chaired by Karen Stefaniak.

BERGER: Rolando Berger, Medicine. And just for my own edification, I am slow this afternoon, if we're not supposed to approve or reject, and this is an administrative report, why are we listening to it? What was the purpose of us coming here? If this is an administrative report that's going to proceed forward regardless of what we say, and we're not to reject or approve it, then why are we talking about it?

CHAIR DEMBO: Well that is --

BERGER: What is the purpose of it?

CHAIR DEMBO: So that is ultimately what can happen that the President could say: Thank you very much. And send it on its way. One would hope that our voices would be listened to. So in essence, the University Senate can provide a comment, and even can make a recommendation to the President how he should deal with the report.

BERGER: So is the idea here is just for us to attach a comment to the report.

CHAIR DEMBO: That's my view. Yes, Ling Hwey.

JENG: May I -- may I make a friendly amendment that -- because of the way I understand the word reject is that we really do not endorse the -- the report.

So if we can say in this motion that the University Senate does not endorse the report, then I think we're in the right position to do it right?.

CHAIR DEMBO: Professor Gesund, what's your feeling? Is that a friendly amendment?

GESUND: It's a very friendly amendment, and it -- I -- I feel reject is a stronger word than not endorse, but I'll go along if that will help the motion to pass.

CHAIR DEMBO: Okay. Further comments on this motion?

UNIDENTIFIED SPEAKER: Amendment.

(Inaudible)

CHAIR DEMBO: Yes. Uh-huh (AFFIRMATIVE).

UNIDENTIFIED SPEAKER: Should we say why?

CHAIR DEMBO: Certainly, a rationale is very helpful. Would you care to attach a rationale to this motion?

JENG: I'm -- I'm going to make a --

Ling Hwey Jeng from College of Communication and Information Studies.

I’m going to make a very, very naive comment, and that’s the comment that’s that’s basis of my -- my support for this motion, and that is when we look at those three lines on that chart what we’re looking at is we’re looking at a new measure -- a corrective measure that we want an increment in -- the University wants the increment in 2006 in order to correct what we will see the -- the problem that we will see in 2030-something. And what we see is the first -- the first ten years the new plan is going to be more expensive than the old one. The second thing is that I believe the committee was unable and, in fact, it will be unrealistic for the committee to do that, it was unable to consider a lot of the social and political changes that might come during the next ten years. And therefore it’s almost impossible for us to say that this measure is going to solve the problem in 2030. It’s more likely to me that something is going to happen, and we need to look at the same thing again within the next ten years. So why are we spending more money for the next ten years in order to correct something that is so uncertain and so far away. I think we're not ready to implement that plan.

CHAIR DEMBO: So I think I hear a rationale built into what you said.

JENG: The rationale is that there is not enough data, not enough information in that projection for us to risk that extra expense for the next ten years in order to protect what's coming in 2030.

CHAIR DEMBO: Okay. Professor Gesund.

GESUND: I agree with everything that has just now been said. However, I would like to have -- if we're putting in rationales, the honor of the University and the fact that the University must not renege on its promises to its employees.

CHAIR DEMBO: With your indulgence, could we submit -- consider this one big amendment that we could vote on; is that acceptable?

UNIDENTIFIED SPEAKER: No. I mean, you can vote on the --

COURT REPORTER: Name?

UNIDENTIFIED SPEAKER: -- the --

CHAIR DEMBO: Professor Cibull.

CIBULL: You can vote on -- on the -- the thing there on the amendment. The rationales, I don't necessarily -- you don't need to necessarily vote on those; do you?

CHAIR DEMBO: No.

LENG: No. No. No.

CIBULL: I mean, you -- those are just sort of a list of reasons why -- why we have decided to propose this. I mean one thing would be that we think it's premature either because the data is insufficient or because there is no national experience, and we don't believe we should be the, you know, yeah...

CHAIR DEMBO: So you're saying when I send a letter to the President and to the Employee Benefits Committee, they should get this motion and then the rationale?

CIBULL: Right. Right.

CHAIR DEMBO: I'd be happy to do that. Are there any other things to add to the rationale since that's what we're talking about? Professor Kaalund?

KAALUND: Brafus Kaalund, Law. I -- but I think also you might also want to include in there going along with Professor Gesund's comments about the underlying ration -- the underlying basis for the report, they talk a lot about how private employers do a lot of these things, and I think it must be emphasized that we are not a private employer. We're a public education institution. There are tons of different -- we are not for profit. We don't have shareholders. We don't hold little stock meetings and have a little board of directors that don't pay any attention to us, even though this report, you know, is bending that way. So I think it has to be emphasized that because of our status as an institution, we need to look for -- for a report and a benefits package that is more suited to an educational university and not just to a private business.

CHAIR DEMBO: So what do we have so far under the rationale? I'm not meaning to be funny. I just want to make sure that we have it listed in logical order --

GESUND: Let's have a vote.

CHAIR DEMBO: Hang on one second, please.

SCOTT: We have that we have not information yet for the rationale that you see up on the screen. The issue of honor and honoring your promises to your employees. That private employers and public education institutions are two different entities and should offer two different types of compensation packages. And that it's overall just an issue of benefit structure.

CHAIR DEMBO: Any further discussion on the motion? Professor Jones.

JONES: Davy Jones. Just -- just as a faculty trustee who might see something reach the Board at some point, when Senate committees send recommendations to the Senate, the Senate committee votes on the rationale to send forward as part of the committee's report not just -- the first line or two up there. It would be much more helpful for me up at the Board to be able to say the Senate supported these rationales rather than these are just a miscellaneous listing that then we don't know how many supported each of these rationales.

CHAIR DEMBO: So you would recommend that that become a part of the original motion?

JONES: I'm -- I'm just -- no. I'm just saying how much impact to have? What do you want me to be able to say at the Board the Senate as a body supported this? Make it -- make it clear what you want me to be able to say the Senate is advising.

CHAIR DEMBO: Okay. Professor Goldman.

GOLDMAN: I find this a little strange. You're trying -- this committee as a whole to draft rationale after a -- almost an hour-and-an-half's discussion, and people ad hoc throwing out suggestions as to what it should be. The

Senate Council members have sat through this. It seems to me that -- I don't know what the timetable is, but if there's not going to be another Senate meeting between now and when this -- this proposal goes to the President, that it would be for -- to vote on the motion and then leave it to the Senate Council to draft the explanation based on the overall discussion and bring that back to the Senate and let the Senate vote on -- on whether it supports that or wants to modify that statement.

CHAIR DEMBO: And the next Senate meeting will be in advance of the Employee Benefits Committee that's coming up.

GOLDMAN: Wouldn't that work much better then?

UNIDENTIFIED SPEAKER: Yes, let's do it that way.

GESUND: So it's just a vote on the motion, and I move the previous question.

CHAIR DEMBO: Okay. So with the point that this will then be referred to the Senate Council for further clarification; is that correct?

UNIDENTIFIED SPEAKER: Wait a minute.

CHAIR DEMBO: Okay. The right rationale.

UNIDENTIFIED SPEAKER: The right rationale.

CHAIR DEMBO: Okay. Can I ask a question before -- is there anything you want to add to it regarding any forward -- motion forward progress, things you'd like to see happen?

GESUND: Let's just vote on the motion.

CHAIR DEMBO: Okay. I believe you did call the question which --

GESUND: Yes.

CHAIR DEMBO: -- requires a two-thirds vote. All in favor of ceasing debate, please raise your hand. Okay. Would you agree we have that, Professor Blyton?

BLYTON: Yes.

CHAIR DEMBO: Okay. So we're back to the original motion now that the University Senate with the amendment does not endorse the Retiree Health Benefit Task Force report. Okay. All in favor, please raise your hand. Okay. All opposed to the motion. Three, four. Okay. Any abstentions? Three abstentions. Okay. Are there any further motions or discussion on this issue? Thank you all very much for participating in and answering our questions.

(MEETING CONCLUDED AT 5:00 P.M.)

STATE OF KENTUCKY)
)
COUNTY OF CAMPBELL)

I, LISA E. HOINKE, the undersigned Notary Public, in and for the State of Kentucky at Large, certify that the foregoing transcript of the captioned meeting of the University of Kentucky Senate is a true, complete and accurate transcript of said proceedings as taken down in stenotype by me and later reduced to computer-aided transcription under my direction, and the foregoing is a true record of these proceedings.

I further certify that I am not employed by nor related to any member of the University of Kentucky Senate, and I have no personal interest in any matter before this Council.

My commission expires: January 23, 2007.

IN TESTIMONY WHEREOF, I have hereunder set my hand and seal of office on this the 20th day of November, 2003.

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LISA E. HOINKE
NOTARY PUBLIC
STATE-AT-LARGE
K E N T U C K Y