

Proposed Rationales for the Senate Resolution on the Retiree Health Benefits Task Force Report

The University Senate does not endorse the report and recommendations from the Retiree Health Benefits Task Force.

It is the sense of the Senate that the report and recommendations:

--rest on narrow and possibly flawed foundations and questionable assumptions posited by the consulting firm that developed the model and generated the projections and proposed options;

--are grounded on projections eight to ten years and beyond which are often unreliable and subject to wide variance from actual events;

--do not give due consideration to the critical differential impact that proposed changes would have on different categories of faculty and staff, thereby neglecting to examine on whose shoulders greater or lesser hardships would fall;

--do not take into account the nature of this University as a public institution rather than a private firm or company driven by profit motivation;

--show insufficient concern for the tacit social contract between the University and its employees that has emerged from tradeoffs between low salary pools and meager salary increases in the past and expectations among many constituencies that these would be exchanged for more generous contributions to retiree health benefits now and in the future;

-- fail to incorporate into the underlying model the potential impact of dramatically lower health care benefits for potential retirees of the future on their retirement behavior and decisions to delay retirement to continue receiving benefits, nor do they consider the potential impact on recruitment and retention of faculty and staff;

----do not adequately present rationale for the University of Kentucky to be the pioneer among the benchmarks to cap retiree health benefits

--are not consistent with Goal III, Objectives 1 and 2, of the 2003-2006 Strategic Plan to “offer competitive salaries and benefits to attract and retain” faculty and staff.