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UNIVERSITY OF KENTUCKY  
SENATE COUNCIL MEETING

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OCTOBER 12, 2009

3:00 P.M.

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W. T. YOUNG LIBRARY  
UNIVERSITY OF KENTUCKY CAMPUS  
LEXINGTON, KENTUCKY

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DAVID RANDALL, CHAIR  
HOLLIE SWANSON, VICE-CHAIR  
KATE SEAGO, PARLIAMENTARIAN  
SHEILA BROTHERS, ADMINISTRATIVE COORDINATOR  
LISA E. HOINKE, COURT REPORTER

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CHAIR: All right, it's 3:00. Let's get started. I gather you see this. We'll be collecting the ballots within, I would guess, five or ten minutes so if you've not already done so. I'll call this meeting to order then. When you speak, please remember to give your name and your departmental affiliation. Again, my montra, communicate with your constituency. I think if there's a weakness of how things function around here, it's we don't keep our colleagues informed of what we've done, so please do that. I'll bring this point up again in a few moments, but periodically you get e-mails from the Senate office announcing that something has been posted. When there's a posting, it's our responsibility to go over to that posting and review issues. I'll explain it again here in just a moment, but again, the

postings. . . .

Minutes and announcements. The minutes from September 14th were distributed on October 6. There were some editorial changes. They're shown in the document that you have before you. Normally, by the way, we're not handing out the full agenda unless you request it. We did that today because the biographical sketches and the nominees are here. And so we do have the agenda today with the amended version of the minutes. As soon as someone is comfortable doing so. . . .

HAYES:

Jane Hayes, College of Engineering, I move that the minutes from September 14th be approved as amended.

CHAIR:

A second, please.

GROSSMAN:

Bob Grossman, A&S, second.

CHAIR:

Any further discussion? All in favor, aye?

AUDIENCE:

Aye.

CHAIR:

Opposed, nay?

AUDIENCE:

(NO RESPONSE)

CHAIR:

Motion carries. Minutes are adopted. Thank you.

So you should already have signed for a ballot. Anyone who does not have a ballot? Fill it out, if you would. Vote for three individuals for each vetting team. And in just a few moments, we'll pass those ballots forward. This is the next stage of getting this whole process underway. The vetting teams will now be meeting through the remainder of the semester, and will present to you, if things go smoothly, in December the list of courses that have been vetted and recommended for temporary approval for approval as experimental courses for presentation next semester. I believe there are 24 courses that have been tentatively placed on the registrar's list for possible presentation next semester. I'm told essentially that those were all volunteers. These are individuals who said, yes, I could have a course ready to go in the spring semester. So that's where we're now electing the vetting team. In just a few moments we'll pass those ballots in. There is a Web transmittal currently posted. You'll see in just a few moments we're going to alter the process just a bit. But unless someone objects within a 10-day period, that posting, a course change or whatever will be approved. It's part of our responsibility as the Senate. So the deadline for reviewing the current proposal is the 14th, this coming Wednesday.

By way of informing you of what we've done, we've added one Master student in medicine. That's four, a total of four students added to the August degree list

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exercised. So the Board of Trustees will be approving these.

Any of you who advise students are strongly encouraged to contact Jessica Baer to join the advising network listserv. Again, I suspect you're well aware of the fact one of the things we're trying to do more aggressively, better, is to advise students, keep up with students as they go through the semester. And part of that is helping those who advise students be kept better informed. So recommend that you add your name to this listserv.

Just a reminder, there was some issue with respect to the Dead Week that we passed year, last semester, whether or not those rules and regulations apply to graduate students or not. And for clarification, Senate Council voted at one of our meetings a few weeks ago that we announce to the faculty that these apply -- the Dead Week rules apply to undergraduate students, not to graduate students. You may recall during the discussion there was a question about that from the floor; someone answered who was not a Senator, in fact. Someone answered erroneously that those rules also apply to graduate students. So we have now clarified for you and on the Web that the rules apply to undergraduate students, not to graduate students.

There was another series of changes in the administrative regulations relating to the joint committee on Honorary Degrees. Our rules committee chair, Davy Jones, worked with individuals to reword that in terms of who was eligible for chair of the Honorary Degrees' committee. So that has now been approved by the President and has replaced with the current posting.

As I mentioned earlier, I approved on behalf of the Senate Council a parallel 10-day postings for the first Web transmittal. What this deals with is previously we had posted proposed changes in courses and approvals and so forth, we had posted them for 10 days for Senate Council to comment on. Once Senate Council had their 10 days, then we posted them for the Senate. We're now posting them, and we will be for the academic year, we're now posting them both in parallel. See if we can make this work, speed up the process a little bit, make it a little bit more efficient. So all postings that were serial, 10 and 10, are now being posted in parallel. Hopefully, get that process more efficient.

There were three waivers in the two-year rule for retroactive withdrawals which were granted by myself. Students that have overstayed the two-year period to

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request a retroactive withdrawal.

So if you would now pass your ballots in either to that side or this side, and we'll collect them. Yes, we're collecting the ballots now.

What will happen at this point is this body will elect three members for each of the vetting teams. Senate Council will now go through and select three. And we'll be looking for things like balance and appropriateness and so forth, and we'll select a chair. And that will happen very, very quickly so the vetting teams can get underway, hopefully, within a little more than a week.

All right. One of the things we've been trying to do last year and this year, there are areas of the University that aren't terribly well known to the faculty in general. And so we have invited individuals to come and for informational purposes to tell us about the area for which they're responsible. And today, Sally Wiatrowski --

WIATROWSKI: Uh-huh (AFFIRMATIVE).

CHAIR: -- has graciously come to tell us about how the Book Store works. Thank you so much.

WIATROWSKI: Well, thank you. I just want to take a moment first to introduce myself. Again, my name is Sally Wiatrowski; I'm the director of the UK Book Store. Most of you probably know that two years ago the contract was awarded to the company that I work for. I work for Follett Higher Education Group, and I've been with them for 10 years. Prior to coming here, I was a director at the University of Notre Dame Book Store. Before that, at the University of DePaul in downtown Chicago. So this is my first public institution, and I'm learning a lot as I go. And we've had a lot of changes that have happened in the Book Store over the last couple of years. Hopefully, you have benefitted, and you've noticed some of the physical changes. But I'm hoping second to that, that you've noticed some of the customer service changes as well.

I chose to talk about two things. One, kind of a very basic discussion on, you know, the textbooks versus, you know, the Book Store and how all that process works. So it's going to be pretty basic, and it's probably information that you all know already, but because I've not been in front of this group, I don't know who has in the last -- probably no one in the last couple of years, but even previous to that if anyone from the Book Store has ever had a discussion with this group. And then second to that, the Higher Education Opportunity Act is going into effect in

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July of 2010 which affects not only the institution but the Book Store, the company that I work for and kind of how that integrates together.

The points that I wanted to clarify are, first and foremost, that the Book Store's partnership with the academic community is critical. You know, it ensures that we have the right books in the right quantity on the shelf at the right time for the students. And you know, currently the students are kind of required for their academic materials to shop at a number of outlets to kind of make that all happen. And over the past two years, my group, we've been working hard to work with departments to make sure that we get all of the information so that the student has the ability to come into the Book Store and get all the academic required materials to successfully pass their courses. You know, knowing that their time is, you know, kind of an issue, especially with nontraditional students, they might have a family and children and school and a job and everything else, so making sure that we have all those materials for them is -- is key.

You may or may not be aware that the Book Store -- part of every dollar spent in the Book Store goes back to the University. And that money goes right into the President's Fund, and then from the President's Fund, it is assigned to the Student Scholarship Fund. So the more dollars we drive through the Book Store, the more money that goes into the fund. And it was brought to my attention that as part of your meeting this past couple of months ago, I guess, that Dr. Todd said that the -- the dollars and the percentage that they receive from the Book Store really help to keep tuition from rising, and they were really happy to see that amount of money going in. So our goal is to, you know, increase those revenues so that we can have that same success story each year.

The values and the benefits for the Book Store here on campus is that it contributes not only financially but culturally as well. You know, we put in a brand new Book Store this year, renovated it, added 10,000 square feet, and have the front door off of Euclid now with really big windows so we can help drive general merchandise traffic through there as well. But we're really a portal, not only for this campus, but also for the community of Lexington that we're there to serve them.

Our textbooks bought through our online site have continued to increase each fall. And our market share this last fall

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is about 30 percent. So you see we have a lot of opportunity cut out for us, but we're also in a pretty competitive market. We have some brick and mortar competition that's within a couple blocks as well as some online competition, you know, currently warehouses right out of here with E.Campus and Amazon.com. But unlike -- unlike our competitors, we're required to carry all the academic materials so that we can become that one-stop shop.

And then the second point, the timing is really everything. You know, this last fall we had 90 percent plus in adoption compliance which is the book order information from the faculty to the Book Store. That was amazing for such a highly competitive market, for a public institution, you know, hats off to all of you and the departments that you work in because that really makes our job a lot easier and helps us pass that savings along to the student. We would love to get used books, first and foremost, and firstly out of the hands of the students. Last year we gave out \$750,000 in buy-back dollars to the students which made those books available for sale on the shelf for the UK Book Store. And then second to that, we have the new books and -- or we get the other set of used books then from the wholesalers. So every single day from the point that we get that information from you all, we are constantly looking for used books. If none are available or it's a new edition, then we go into new books. And we work with the publishers on securing those titles. We do title research, as well as follow up from that point on when we're placing the orders. We work with your local, you know, publisher reps. So you know, the dollars stay with them, as well as on the campus. It also affects customer service because our students shop early for used books. So if we have the information, we're able to place that on the shelf and sell it then to our student customer.

Another point is working together on any course material challenges that we might have. Pricing, obviously, being one of them. Used books help the pricing. Receiving all of the information through course packet information. And then when faculty chooses to use the course packet, we would need to have that original so that we can reproduce that material. If there's copyright material that we need to protect the institution, we need to send it to a copyright clearinghouse to make sure that that material has been approved for use, and then make the number of copies available, looking at daily enrollment updates that we get because we're

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integrated with the Registrar system.

As the changes happen with the Higher Education Opportunity Act in July, we will need to make sure that we receive all the information because currently what we're doing is working with UKIT and we're integrating with them. So that when a student goes to the course catalog, and they're selecting the courses that they want to take, they will be able to see, based on the information that we get from you, what is required for that class. They will see the ISBN, and they will see the new and used price of that book. The Higher Education Opportunity Act believes that the student then, based on how much the cost of materials are, they possibly may determine whether they want to make a selection of that course. It remains to be seen how that will be policed. And you know, certainly we don't want to become the -- the example institution when they do decide to figure out how they are going to police that. But it's important that the information is timely which we've proven this last fall. In fact, two weeks before the start of the fall class, we got our first spring order. And we sent a note to that faculty and said, wow, you know, you're the first one; congratulations. So you know, we're already want listing and getting used books for that one or planning the student buy-back in December to secure used books for that course.

And then the other pieces of Higher Education Opportunity Act is making sure that we have all the course materials associated with that class. So it will be important that, you know, we don't take steps to just fill in what needs to be filled in because we are, you know, to a date. I know you have a lot on your plate, and you know, figuring out your curriculum is difficult. So as soon as you know the information, partnering with the Book Store or doing it through the listserv as you've been doing and communicating to us what those needs are, then we will get on the trail immediately, as -- as well as make it a part of the registration process so they'll see those -- that information with the ISBNs and the pricing.

We also know that the campus supports used books. And the options that are available currently at the UK Book Store are not only new books, used books, but this year we did 12 to 15 digital content books through E-Books. And then we also had a rental program. We had two titles that we rented this last term. And we had about 75 students take advantage of the rental. It's new to the campus. We are part of a pilot program with Follett,

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so we were only one of 15 stores that partook in this new rental program. It -- largely, it was a success. Some of the things that we have learned we could do better with getting the information out, but it was kind of timing when it all happened and kind of looking at our title base to see what, you know, titles would make sense for a rental program because, as you can imagine, what we have to do is review that title list to see, you know, what are some of the history on a couple of titles or titles that would make good candidates for rental because the whole idea is that they would be around for two, three years, possibly, because then it becomes a win for everyone in the program. The students were able to take advantage of a 45 percent discount from a new book by renting a book. And now they'll get automated e-mails throughout the term, letting them know that that was a rental book. They chose -- they do a little bit of a contract so there's no work there on their part, and then they have to bring it back to us, of course.

Really, where our challenge stands is the customer -- or the custom published required materials. The benefit is that it's really nice that the student only pays for the amount of material that they'll need for the course. So that is really helpful. And then if the Book Store can work with the faculty, we can possibly look at being able to resell those. We can buy back. We've done that with a couple already which is great because then we can pass that savings on as a used piece the next term, not requiring a new book each time. And then the instructor is in control of that content too for the course. But what we need, we need the original, and that's difficult sometime. There's quite a few that we know are out there, but we have yet to identify them all because we haven't received any of the originals to make those available for sale in the Book Store.

And just one other point that I want to make is we -- if you've not heard, we are going to become an Apple campus retailer. Follett and Apple have branded together as well as UKIT, and we will have a retail shop in your campus Book Store where we will have educationally discounted Apple machines outside of iPods. So you would have Mac books, the Mac, MacAir. I'm still learning all of this, so bear with me. But that we will put into place. The fixturing is being built, so it will probably be in by the first week of November. The conditions to be able to buy in our store is that you are faculty, staff, or student, and you have to fill out



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a verification form stating that you are in one of those groups. And I think that's about it. But I wanted to share that piece with you because it's a new piece and it's pretty exciting because there's only 39 other campus retail Apple stores in the nation, and that we're going to be one of them is a pretty neat thing, I think. So I'd like to thank you for your time and appreciate the moments that you gave me.

CHAIR: Questions? Please.

NADEL: Yeah. I -- I have a few questions. The first is I notice that the Book Store serves as a very rich souvine shop for the University and a depot for picking up course material. Are there any plans to make it a book store where you carry books that are not required? I have a bunch of questions.

WIATROWSKI: Go ahead.

NADEL: The other is, what is the markup you get -- you make on -- on used books and how does it compare to Amazon? And the third is, how do your prices in general compare to Amazon?

WIATROWSKI: I'll start with the first one. We have a general book selection. As part of your renovation, it was (unintelligible) that we become kind of a general book store as well. That was on the President's agenda. So we have 3,800 titles that we currently carry in general reading materials. And we've been building a regular customers' base every day. We host lecture events, author events in store. We're doing a Darwin symposium this week. We've done Robert Kennedy, Jr. working with student activities' board. So we are trying to turn the corner with general books.

NADEL: What number do you expect to go up from 3,800, which is really about my personal library?

WIATROWSKI: Right. I -- I -- I believe that. You know, it remains to be seen because it's all in how many customers come to look for that kind of product within our store. You know, the markup on textbooks is 25 percent on a new book. And then the markup on a used book is 25 percent less than the price of a new book.

NADEL: Twenty-five percent less than the price of a new book. So substantially higher than they would get on Amazon?

WIATROWSKI: It could be. It depends on, you know, what -- what they would find. I don't know. It probably is higher.

NADEL: You never checked it comparatively?

WIATROWSKI: A few titles I have, and we are usually outpriced. I -- I don't disagree with that. But they, you know, Amazon doesn't give financial support to the

institution like I do as a department on campus. There's benefits to people buying within the Book Store.

NADEL: So in other words, in addition to the price they would have to pay in the general market, they are being taxed to support the University? Yes. Let the record show yes.

WIATROWSKI: Okay, well, I -- but I would go back to the fact that building the culture within the institution and supporting a department on campus helps not only financially, but it helps, you know, build that tradition, alumnus programs. I mean, there's so many positive things that happen by having your students shop in the Book Store.

CHAIR: Yes, please.

HAYES: So two things. One is, I was curious if you had thought at all about getting some of the Kentucky Press titles in your Book Store because I've called a few times to get things, and I guess they outsourced it to Iowa or Vermont or somewhere so you can't actually get --

WIATROWSKI: That Kentucky Press has?

HAYES: Yes. You can't actually get any of their books on campus, so --

WIATROWSKI: Oh.

HAYES: -- that's the first thing. The second thing is, I was at another university the day after their homecoming football game, and they were giving a discount on all the merchandise in the book store that was based on the number of points by which they had defeated the other team. So I was wondering if you had considered that not just for athletics, but what if at the beginning of the year when the President gives his State of the University address, and he says, hey, the mean ACT score for entering freshmen went up point nine, oh, you get a nine-percent discount at the Book Store, or if they come in with their grades to show they made the Dean's List, hey, 10-percent discount at the Book Store?

WIATROWSKI: Well, that would be without -- outside my control, but I could certainly bring that up to the President's office and public relations since for every sale of that is discounted in the Book Store, obviously, that is exempt from the money then that goes to Student Scholarship Fund. In regards to percentage sales and such like that, we have two faculty staff events that we have on campus. If you haven't in the past, you've received an invitation. It's about the size of a postcard. We'll have it the end of November, and then we typically have it in March, giving you an additional percentage off so you can come into the Book Store and take advantage of a

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discount. And at that time, we do not exempt those sales from the percentage that goes back to the institution. The defeating piece, yeah, that's interesting. I did that at DePaul one time, and the girl's basketball team smashed their opponent, and I gave like an 86 percent discount. You have to be really, you know, really careful, but I appreciate the suggestions.

CHAIR: Please.

DI EDRI CHS: Carol Di edri chs, Uni versi ty Libraries. I'd like to clarify about the Uni versi ty Press.

WI ATROWSKI: Yes. Please do.

DI EDRI CHS: What they do is they out source the distribution of their materials too. And so they don't maintain a warehouse. And they don't supply their materials here from Lexington. But the Book Store can buy them from -- so I just wanted to be sure that -- you can get them here in town.

WI ATROWSKI: You'll see them at Joseph Beth. You can -- I believe I have the full line of what they have currently available in their title base. When you come in and kind of make your way through the books and to the right-hand side, the first thing we have is faculty author -- authors and University of Kentucky Press before you hit Fiction. So I think I have the entire title base, but we'll check it out.

CHAIR: You can also check the U Press Web page. It's very good for --

WI ATROWSKI: And we'll special order any book as well, anything.

MENDI ONDO: Marta Mendi ondo, Public Heal th. What percent of the profits go back to the Uni versi ty for schol arshi ps?

WI ATROWSKI: You know, it's a growing scale. It starts at 10 percent of each dollar and goes up from there. So it depends on kind of milestones of volumes that we hit. So I know last year it was like \$650,000. And then I don't know how much of that 650 is disseminated into different things, but I know a very large portion of that went to the Student Fellowship Fund.

MENDI ONDO: Right, so there's -- that's 10 percent of the profit that the company makes? I said what percent of the profits that the company makes? I'm not --

WI ATROWSKI: My company?

MENDI ONDO: Yes.

WI ATROWSKI: Okay. Well, I can speak to that. We spent three million dollars last year, so right now it's not -- there isn't a profit. We're -- we're not set up that way yet.

CHAIR: Thank you so much. Appreciate it very much.

WI ATROWSKI: Oh, thank you.

CHAIR: If you're a voting member and

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come in late, pick up a ballot. Just make sure that Sheila or I have it after you leave -- before you leave. So if you've come in late, you need a ballot, please -- please get one.

The University is going tobacco-free on November 19th, I believe. And Dr. Hahn and Anthony Beatty are here to fill us in on that. Thank you.

HAHN:

Okay. Thank you, David. I know I've presented -- some of you have heard this before, so you can take a nap probably. But you know that in about a month our campus total -- campus, including all Fayette County properties is going totally tobacco-free on November 19th. And this is a year later, after the medical campus went tobacco free.

The context of this is all about public health. The Board of Trustees and Dr. Todd and others have decided that, you know, this is a -- this is a major public health issue. This is not a rights issue. They're trying to create a healthy environment for our students and our faculty and staff so that we can live, work, and play and -- and learn here. And this slide just shows you that we are disproportionately affected in Kentucky. About 25 percent of our adults are -- are -- are smokers. And if you look across, you see actually that our -- that we -- our women are -- are keeping up with our men pretty well. And compared to nationally, we really have a problem among our women. So my -- my message here is that this is all about creating healthy environments.

The other piece is money. And this slide always makes people kind of gasp to realize how much money Kentucky alone spends treating sick smokers, sick tobacco users. We spend over a billion dollars a year in health -- direct health care costs. And you can see what the cost is to the country. And if you add 10 billion to that, to that 193 billion, you see what it costs us to treat second-hand smokers. Those -- those are the nonsmokers who are exposed to second-hand smoke. So this is no laughing matter. It's certainly the single most preventable cause of death, but it also is -- is really the thing that drives our health care costs out -- out the roof. So this is kind of a context of what we're doing.

The other piece that you may not know is that our college students have become the new target of tobacco companies since the early 2000s when the states' attorney's general came to a settlement with the states. Since that time, children haven't really been the target; it's been the young adults. And -- and all you have

to do is go to the bars in Lexington and see the kind of products that tobacco companies are luring our students with. But we did a randomized survey in May of over 1,400 staff, students, and faculty. You can see that about 30 percent of our students use some form of tobacco. That's about nine percent of faculty and about 20 percent of staff. When we asked back in May what do you think about the tobacco-free policy, we got a positive response. You can see across the sectors there, even among our students, 64 percent of them think that it's a good thing; it's a positive thing. And that's really the kind of reception both Mr. Beatty and I have gotten going around campus as well.

We aren't alone. We're one of 305 other campuses around the country that are -- that's doing this. We're one of those. You can see our benchmarks. A few of the SEC schools -- you can see Florida is going in July. We're actually ahead of the curve on -- on several of our benchmark schools and our SEC schools. University of Michigan is going in 11. And you can see U of L is going in June, and Bellarmine is going in 10. And our regional universities are all talking about it. So they're really to follow as well.

This is out of the AR that was passed by the -- or adopted by the Board of Trustees. You can see that it's all tobacco products in all owned, operated, leased, occupied, and controlled building structures, et cetera. You can read that. So it's basically everywhere on our campus. I'll show you the map in a minute. But all the forms of tobacco are included but not limited to, and -- and this list is important because the industry has a growing list of products that they're trying to market in our country. And -- and so we're including traditional cigarettes, as well as electronic or e-cigarettes which is a metal tube with a cartridge of nicotine inside that also has nitrosamine, carcinogens and diacin, glycol which is antifreeze, basically. So it's not a safe alternative to smoking. The FDA has embargoed all shipments, but it's still available. If you go to the kiosks in the mall in Louisville, you'll see them. And you can get on the Internet. But they are prohibited by our policy. Cigars, pipes, hookah, waterpipe, smokeless tobacco, including snus. And people always say, what the heck is that? It's a -- it's a rectangular pouch of very finely shopped tobacco that you put inside your -- your mouth, and it's spitless. So they swallow it. They don't spit it out; they swallow it. A whole host of pancreatic, oral

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cancers, esophageal cancers as a result.  
So not -- not good things.

You'll notice everyone is covered. Everyone on our campus and Fayette County properties. The President's Council decided we would stop with Fayette County. We are not -- this policy does not affect our other properties in the rest of the state. Our boundaries pretty much -- this is the contiguous county. I don't have a map of every Fayette County property. I wouldn't do that to you. But the policy also covers all properties, and you can -- you can see basically it -- it covers Commonwealth Stadium. We have one football game after the policy goes into effect, and that's with Tennessee over Thanksgiving weekend.

Okay, on to compliance. We are following really best practice with tobacco policy around the country because there are 305 other campuses. We haven't started this, so we are learning, learning from other campuses. This is what is recommended, and this what we have planned. We have really three legs of our stool. And when you think about compliance, signage, which I'm going to show you in a minute. You're going to see signs popping up everywhere. We're going to be training key groups. So you'll be hearing -- we have a PowerPoint presentation and a fact sheet that's going to be coming to all the units. We're going to be training not only key faculty staff groups but also key student leadership groups. And we're starting that actually Wednesday. And so the idea is that you train people on what to say. So if you see somebody using tobacco, you're not supposed to turn your head and run the other way. Rather, you -- you need to say in a very clear, compassionate, firm way, perhaps you don't know that we're totally tobacco-free. You'll have to leave the campus to use tobacco. And secondly, very important to know, we have nicotine replacement products available at every convenience store on campus. We have them available in all the gift shops and the pharmacies. We -- UK has made a commitment to this in that we are deeply discounting those products. You can even buy them in five dollar packs which is extremely amazing. If you've ever priced nicotine replacement, you -- it's a lot more expensive than that to buy a box. So I -- I'd say that we've really tried really hard to make access to tobacco treatment and products that can manage people's symptoms so that they can be comfortable when they're on our campus. So the goal is to create a culture of compliance. So in other words, really

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we're asking everyone, that it is everyone's business. We're not going to be giving people fines. They're not -- we're not going to be giving citations. This is not a heavy police state, but important to communicate, and I do appreciate your allowing us to come here today. That's the sign that you're going to see. The top part, Welcome to Our Tobacco-Free Campus will be on all the black kiosks around campus. You'll see the -- the no tobacco or the tobacco-free campus universal sign. A healthy place to live, work, and learn is our tag line, and you'll see that on some of the signs, not on the kiosks, though. But the group felt really, really strongly that we needed to give the reason for this; that this is about creating a healthy environment. We also -- we have places right at our perimeter like KET and other places that aren't part of our property, but we have offered -- the University is paying for signage if -- if partnering institutions right at our adjacent perimeter want to be a partner and be tobacco-free. We will have UK Partner at the top, but they will -- and we are supplying these signs.

For those who don't comply, we are -- we do have corrective action even though we're not writing citations and giving fines. We are serious about this. We will use the Student Code of Conduct. We will use Human Resources Policies and Procedures, and we will use -- write it into the third party contracts, and there will be consequences.

On the medical side, there has been a person that has been terminated, a staff member who has been terminated, during this past year for not following the policy. And again, the policy and procedures that are already in place were utilized. They weren't fired right away. They were counseled and taken up the process that we have in place. And visitors can be asked to leave campus.

Just to end, I'm going to ask Mr. Beatty, Anthony Beatty, to come up. But we were tapped, myself and Anthony were tapped to co-chair this, and we had -- since January had a lively discussion that some of you who are in this room are part of. The task group, there are about 35 people on it. You can see that it represents just about every sector of this campus, students, faculty, and staff. We've had a lot of lively discussion. You can see -- I'll -- I'll just let you read down through who's been involved.

We've had five committees operating and very actively engaged. So that's it, and I'll open it up to questions

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and Anthony is going to do that part. So I'll leave now. No. And we do have a -- I want to mention, we do have a Website. And so I would -- and we're putting everything up there. So please go to tobacco free -- uky.edu/tobaccofree if you have any questions or even want information about what's available for people who want to quit as well.

COYNE: Mark Coyne, College of Agriculture. So let me -- let me be very clear about this, it only applies to Fayette County properties, so the research stations at the Princeton, Edenshale, and Quicksand currently would not fall under this policy?

HAHN: Because they're outside Fayette County?

COYNE: They're outside --

HAHN: Correct.

COYNE: In Woodford County. Is there any plan to include them in the foreseeable future?

HAHN: Do you know, Anthony?

BEATTY: I think they'd fall under our other policy.

HAHN: Yeah. They fall under our other -- our current policy which is inside. You know, you can't tobacco inside, and then it's 20 feet from the entryways. That's our current policy.

COYNE: Okay.

HAHN: I don't -- we don't -- I don't know. The Board -- that's something the Board of Trustees can talk about and, you know, if they want to extend it, they may. We may do that in the future, but I don't know.

GROSSMAN: Bob Grossman, A&S. I know if you've gone by Maxwell Street next to Good Samaritan or gone down University Drive by the hospital, but there's a very large collection of cigarette butts there where the people walk, you know, walk to the perimeter of UK's property to do their smoking, and then just throw the cigarettes in the street. Obviously, when you make this -- the boundary bigger, it's going to be a lot harder for people, but there's still going to be that problem with the trash that -- of people who don't want to stop smoking, but don't want to get fired or asked to leave campus. So are there any provisions to at least provide trash cans or those little spikes where you can put your -- your cigarettes or do you go around and clean up those areas and also have you talked to the city about the trash that will be generated along the perimeter?

BEATTY: Yes, we have. We've been -- we have been in communication with the city about the plan and proposal in terms of where -- where the boundaries might be and



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then working with them to make sure that we can ensure that, number one, the folks that -- that choose to smoke have somewhere to hurry off campus and smoke, but number two, to make sure that those areas are kept clean. Keep in mind that these will probably end up being private enterprises, businesses, and/or residential areas. That's why it was important for the partner's piece that Ellen talked about here a minute ago, and that the neighborhoods and the associations nearby, this has been discussed with them so that they can be a part of and help us with this project.

GROSSMAN: It's usually sidewalks, public sidewalks that people are smoking on. These are not -- this is public property, and you're -- you're not going to be able to stop people from standing on the sidewalk smoking. And it means people walking by would get a big dose of cigarette smoke.

HAHN: Right.

BEATTY: Right.

HAHN: We hear ya.

BEATTY: We understand.

HAHN: What other communities have done -- what other universities have done is they've asked their city to allow that those sidewalks that are right at their perimeter and within, to be covered, you know, in other words to allow the city to -- or allow the university or the campus to out those, if you will to cover the policy. So we've been talking to the city and the state about that. But there's -- we have not reached a decision or a conclusion yet, but we are in the vetting process and just discussing proposals and that type of thing, but we hear you, I know.

REED: Deborah Reed, College of Nursing. I'd just like to follow up on an earlier statement. I hope that the University doesn't stop here with Fayette County properties. It sends -- to me it sends a mixed message to our constituencies across the Commonwealth. If we are serving the Commonwealth of Kentucky, then we need to proceed and anything that bears the UK logo on it and hence is a UK property should be covered with this policy.

BEATTY: We understand. We hear you.

HAHN: We hear you.

SNOW: Diane Snow, Medical Center. I take it this also includes the dorms?

HAHN: Yes.

BEATTY: It already does.

SNOW: I'm a very big supporter of this, very enthusiastic about the nonsmoking movement, but I'm also pretty enthusiastic about democracy and freedom. I'd like to know a little bit about the conversation

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that went on there about how people think it's okay to not allow people to smoke in their own homes.

HAHN: They have not been smoking in their -- in the dorms for quite sometime. It's been three years, I believe, '06, Frank, I think.

BEATTY: Yes.

HAHN: Three years. So they have not been smoking inside or using tobacco inside at all. So this is -- this is not, you know, that's not new. When you say in their homes, I -- so we're talking about the grounds, right. And again, it's creating a healthy environment.

SNOW: What have the --

WIATROWSKI: So you know, we do have students on our task group, quite a few students and quite a few students on the committees as well. So we've got a lot of student input.

SNOW: Will you talk about that a little bit? Have the students been very supportive about it? Do they sign a waiver when they pick out a dorm or something saying that they won't smoke in their homes?

HAHN: Well, you know, this summer when all of our students came to campus for orientation, it was discussed with them. It was discussed with their parents. It was actually received really well. You know, yes, if you've read The Colonel, there have been -- there's been dissenting opinion, as -- as you would expect. I mean, it's not -- it's not going to be totally accepted by every student or every faculty or every staff. I mean we know that. The reality, it is -- that it is a policy, and it is about public health. You know, and it's really not about rights in this case. This is an institution of higher learning, and you know, the decision has been made that -- you know, a statement has been made that, you know, we care about the health of our -- of our students. And actually, you know, once students start smoking, they're addicted for life. I mean, this is a very serious addiction that requires treatment. And you know, we're going to be there to help people who want to quit, but you know, if they want to -- if they need to be comfortable when they're on campus, we have the nicotine replacement products, patches, gum, that they can get for almost no money. I mean, it's very inexpensive. So I mean, we want to help them, you know, and be compassionate in that way, but the reality is the policy is coming. So they're going to have to figure out a way to deal with their addictive symptoms.

MOUNTFORD: Roxanne Mountford, A&S. What is the process for the students who are caught

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smoking? What -- what is that like? I've got a very large teaching staff that are going to want to know.

HAHN:

Sure.

BEATTY:

Well, anyone caught smoking or if a faculty or staff observes a student smoking, Ellen has already explained what we hope to happen -- have happen is a very casual -- not a casual approach, but the approach would be made and very firmly ask the individual to abide by the policy. So it's like -- it's like, I guess, a graduated sense of violations here. Obviously if the person complies, then -- then the violation has not occurred. But if there's -- the person refuses to comply, the process would be -- and we're working on -- the training should be out very soon now, but it would be to then ask for some identification or a name, and then that information would be reported to the Dean of Students office for (unintelligible) code of conduct that they (unintelligible)....

NADEL:

Alan Nadel, A&S. To clarify, it sounds to me that what I'm hearing is that the only real means of enforcement is peer enforcement. So I would be expected if I saw a colleague of mine smoking to ask them for an ID, and report them, and that's the process? Well, I -- what gets very fuzzy to me is the place where enforcement takes place. I think the policy is wonderful. But I'm very fuzzy about it. Where it said, visitors may be asked to leave the campus. By whom? Who will enforce that? I can't imagine myself going up to a stranger and saying: Do you work here? If so, show me your ID. And if not -- and I can't imagine someone -- I don't smoke, but someone coming up to me and doing that. Is there any other more formal way to make this not just simply a paper policy that -- one that has real impact on smoking on campus?

BEATTY:

The idea was to -- and again, there's a large group that worked on this policy to put it in effect. And the concept was to create again this culture of compliance without utilizing heavy enforcement, issuing citations, going to that route. And -- and this -- this approach has been taken on several of the other colleges. I know we mentioned up here the other 300 campuses so....

NADEL:

So it sounds like you're saying what I just described is the only policy of enforcement? Is there anything beyond what I described where a faculty member or a person here goes up to another person and asks for their ID if they don't stop smoking to enforce this policy, or is that it?

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HAHN:

You know, it's -- it's the supervisors and the student leaders, right, and it's up to you. Okay. If you -- if you see somebody smoking, it's your colleague. You don't feel comfortable talking to them, don't. I mean we're -- we're not -- we can't make you talk to them. If you go up to somebody in a nice, clear, compassionate, firm way and say, you know, we're tobacco-free; you're going to have to leave the campus. We do have nicotine replacement available at the convenient stores, that kind of thing, nine times out of ten our experience in medical campus side, nine times out of ten people will do it, will comply. In fact, I've usually said to people, you know, a lot of our staff and our faculty and our students are trying to quit here, you know, so we'd really appreciate your help. So sometimes I go the extra mile. But the reality is the Deans, okay, if you -- if somebody is smoking around a building, the Deans -- whoever is in charge of that building, the Deans have been asked to, you know, that you can report to whoever is in charge of that building, and then they are to take it from there. If you know of somebody who's smoking, and you don't want to approach them, you can all certainly call -- if you know them, you can make sure their supervisor knows and let them take care of it. You can certainly call HR. So you know, it kind of depends on who it is that's smoking. If it's a student and you know who they are, you can certainly call the Dean of Students. But you know, we're being realistic here. First of all, very few people use tobacco on our campus. So -- and -- and experience in other campuses has been pretty positive that by training people, by using scripting, by letting people -- and making sure we have the right signage, making sure people know where to go for resources, again, on our Website, that's really -- that really does it. I mean, we will have some people who will violate, but you know what, we have speeding laws and people violate those all the time. You know, so.

NADEL:

But there's a process whereby those people can even go to jail. I understand there's speeding laws and not every violator is caught. But there are a set of rules and laws and processes and officers to enforce those who are.

HAHN:

Right. So employees --

NADEL:

That's not an analogy --

HAHN:

Right. No, no. Well, but employees will go through HR process. Staff will. Faculty will go through their Deans and -- and will be, you know, handled appropriately, like any other violation on

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campus, any other HR violation on campus. Students will be treated with the Student Code of Conduct. So that's how we're handling it. So we are handling it. Now, visitors, a different issue. No, we're not going to cite a citation, but if somebody is belligerent, I mean I'd call -- I'd call the police, and I would ask them to escort them off campus. Now, again, our experience at the Med Center has not been that. I mean, yes, people have smoked, you know, used tobacco, but typically they -- they comply.

NADEL: What about the people from Tennessee who will be at the football game?

CHAIR: One final question. Please

ROHR: Jurgen Rohr, Pharmacy. I noticed that some of the signs posted on the medical campus were removed or destroyed. How much does that happen and how do you think one could avoid it?

HAHN: It's happening some.

BEATTY: The sign -- yeah, that's happening, but the signs being displaced don't affect the policy and the idea is for everyone on campus to know and understand the policy is that we are tobacco-free. We're embarking on replacing signs throughout the campus or installing signs throughout the campus. And we'll be replacing some of those at the medical center that were actually taken away.

ROHR: And can you attach them with screws or something so they can't be removed?

BEATTY: I think our physical plant folks have come up with a unique way to install these signs; we'll keep our fingers crossed. We've seen lots of signs disappear across the city.

CHAIR: Thank you, folks, so much.

HAHN: You're welcome.

CHAIR: Okay. Again, if you have ballots, don't leave without giving those ballots to Sheila.

The Cliff Vesting issue will be presented or is to be slated to be presented to the board in October. And we've asked Frank Butler -- Senate Council has asked Frank Butler if he would come and explain what's happening and the policy and then we'll take questions. Just to keep a query here, I will recognize individuals for questions. Frank.

BUTLER: Sure. Thank you, Dave. What I'd like to do is in addition to going through the PowerPoint that I have here, I'd like to give you all sort of some background information on why the change in the policy and why now and what the potential impact is on the University. If you'll -- if you'll give me about two minutes of short course in what's going on, and -- and many

of you know this already, but these are the facts that -- that are driving change in policy. You know that for the last two years we have not been able to give raises to faculty and staff in the University driven largely by the state's financial circumstances and conditions. I'm sure you're reading the same things I do, and you know that that hasn't gotten any better and may be as bad or worse than it's been in the previous two years. So we're facing a third year potentially with no pool of dollars for salary increase. And basically what the President has said is: This is an unacceptable way to do business, and we've got to figure out a way to create dollars in the University system so that we, in fact, can give raises in the future.

There are a couple of sort of disturbing financial trends that have gone on and decisions that have been made. I don't know how many of you realize, but the -- the way the University escaped the latest round of cuts which we fully expected to take this year was that the state has used, and you've got to give the Governor credit for -- for trying to hold higher education and -- and -- and education harmless in this latest round is that there's actually 21 million dollars of the University state appropriation that has been removed and has been replaced with stimulus dollars from the federal government. Keep in mind, and I think you all know this, that the stimulus dollars are basically a two-year scenario. And at the end of two -- fiscal 2011, those dollars go away. They're one-time funds. And they will not -- they could be replaced, but the presumption is that they will not. So what we'll be looking at in 24 months is the prospect of how the state is going to come up with 21 million dollars to replace the 21 million they took out. And there are a number of us who are very concerned about how they're going to do that, especially as you see what happens with the continuing changes and the consensus forecasting and what's going on with state revenues. This -- I mean, we all know there's just no good news out there. And so, you know, that's the reality of -- of -- of what we're facing. Excuse me. I didn't have to use to use these. I felt a little, by the way, a little guilt about -- about Ellen and Anthony because I was the one a year ago who turned to the President and said: We've done the Medical Center; now let's do the rest of the campus on smoking. And I was the one that had to go out and ask Ellen and Anthony to do that. And as you can imagine, they've taken their shares of

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-- of hits. So -- and by the way, they've done a very good job, and in spite of the concerns that we all have about it, it's going to make this campus a better place in the future. We'll get through it, not without some bruises. By the way, if you've got five seconds, I was over at the Medical Center probably the third day we implemented the policy there, and this is -- this is in response to somebody's question about how do you approach somebody who's smoking. And there was a guy who walked out the front door of the hospital just as I was going in, and I said -- and he immediately lit up, and I said: Excuse me, sir, but this is a smoke-free Medical Center. I would ask that if you need to smoke, you'll have to go out to the area on Limestone. He was about 6'6" and weighed about 270 pounds, and he looked at me, and he said, what are you going to do about it, Buddy? And I said, well, nothing right at the moment. I said, but it would be a good idea if you walked out there. It -- it -- it will be okay. I do suggest, based on my experience, you all pick and choose carefully.

The other -- the other part of -- of this equation that we need to -- that we need to include as part of the background for this is that you all know what we've been through the last three or four years on the issue of tuition and the pressure on our institution to keep tuition increases as low as possible. The reality is now that CPE actually decides what our tuition increase is going to be, and actually our tuition has gotten to the point where in -- in some instances, we are becoming very close to some of the -- the sister institutions that we have targeted in trying to recruit, in states such as Ohio. So we really can't do very much more on the tuition side, both from a public policy standpoint and from a competitive standpoint. We're going to be looking at tremendous pressure to keep the tuition increase as low as possible. So when you're dealing with issues that we've got in terms of -- of financial problems and how you come up with funds, you either got two choices: you either increase revenue, or you decrease expenses. And if somebody can come up with a different model, I'd be -- I'd be glad to hear it. Knowing that our ability to increase revenue is going to be extremely limited, that leaves us with some other options. And the other options are: How do we save money? What we do here so that we, in fact, can create a pool? As an analog that I would like to give you before I go through this -- this is a very brief PowerPoint, is to sort of

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remind you all if you don't remember what we had to do back in 2006 with regard to retiree health benefits. And for those of you who were going around, there was a lot of controversy back then. And what drove us to what we ended up doing with retiree health benefits was looking at what kind of financing it was going to take to continue to fund retiree health benefits in the structure that we previously had. And at the time we were putting about nine to ten million dollars into retiree health benefits, I think back then, before we did the 2006. But based on new accounting requirements, we were going to have to fund retiree -- retiree health benefits at the level of 30 million dollars per year, so we were going to have to triple our investment which would have wiped out any ability for us to do anything else in the way of program enhancement, for raises, et cetera. So the institution made a decision, as painful as it was and as -- as relatively unpopular as it was at the time, that -- that people who were hired after January 1, 2006 would no longer have University paid retiree health -- retiree health benefits. They could access the program, but the University was not going to be putting money up for their retiree health benefits. Just this year -- we're now going through the budget process already for next year, and just this year we've had to make a decision to increase the contribution to retiree health benefits for our current pool of retirees which is about 2,500, and it's going to cost us eight million dollars to keep that group semi-whole. And even though they're going to have a significant increase in the -- in the spouse portion, we -- we've -- we've made a decision that that's what we're going to do. So the message that we gave to the retirees was that isn't going to happen in the future. If we're faced with another eight million hit in retiree health benefits in the future, you better brace yourself because your portion of that is going to get significantly greater. And that's a very difficult message for people that are on a fixed income, but so many of these things are coming together at the same point. We really don't have a choice but to make a decision. That's a -- that's a long way of telling you how did we get to cliff vesting? And as Dave described it, we are going to the Board of Trustees with a proposal to change our current vesting program for University retirement benefits starting effective date would be January 1st of 2010.

What is being proposed is a five-year cliff vesting. And in shorthand what



that means is that anybody who starts at the University after the 1st of January will have to stay at the University for five years in order for them to collect the 10 percent match that the University puts up. They would obviously still have the five percent if they left before that. But they would have to stay five years in order to do that. We've done some surveys of what other institutions are doing. As you might suspect, it's sort of all over the board, part of it because a lot of our sister institutions are not free-standing for their retirement. A lot of institutions when university employees get to their retirement point, they become part of the state system. All the -- all the other universities except for UK and U of L have that situation. I guess some of them have a choice now. I guess ECU has a choice about whether to -- to stay in a self-directed insurance plan or go onto the state. But -- so as we tried to make comparisons, we looked around and in this state it's sort of -- it's fairly clear what -- what's going on. We looked at other institutions, our benchmarks, and again it ranges from vesting on day one, like we are right now, to two-year vesting, three-year vesting, five-year vesting, seven-year vesting. You know, one example, I talked to Jim Tracy. You know, he just came from Wisconsin, and they have a five-year vesting program at Wisconsin. There are some that have -- that vest like we do, immediately. So current employees would be grandfathered. It would only affect new hires after implementation. You know, one of the -- by the way, the reason that we started looking at this is about seven or eight months ago when we were talking about budget in the President's office, the President, you know, basically gave me a mandate and said: Go out, find me money. I need it for salary increases. Try to find a way to do it that minimizes the impact on current faculty and staff. So this was one of the ideas that came up as a part of that.

The next slide will show you what kind of savings are generated, but basically what happens is if someone leaves prior to the five years, it generates about 12 million dollars in the aggregate over a five-year period and then five million dollars in annual savings thereafter. Most likely, we won't reach that point because I think the economy, unless it does an immediate turnaround, is going to keep folks -- more people in place than might have been the case in the past. And so we probably -- this is probably the best case scenario. And then the -- the savings are

phased in over a five-year period. So this is what the spreadsheet looks like. You can see 364,000 in the first year, 773. This is -- this is based on our current turnover of faculty and staff. Keep in mind because of the -- of the different ratio between faculty and staff, the vast majority of these savings will come from the staff side. There's also clear evidence that -- that based on our data that staff are much more likely to stay less than five years than the faculty are. But it would affect the faculty member, if you recruited them next year after the first of January, and they stayed two years and left, what they would get is their five percent that they put in. The ten percent would then stay with the University to be redistributed. Oh, by the way, I think Dave may have told you, I made this presentation to the Medical Center folks, what, about a month ago, and a number of issues came up regarding what happens if we have faculty on grants and how is that handled? And I've had Angie Martin dealing directly with the faculty in the Medical Center answering questions about how some of that -- what the mechanics of that would be.

Funds not vested return to the University. You know, we have this process of -- of passing out overhead costs around the University to all the academic units. And as these funds were reinvested, those costs would be -- would be passed back to benefit the particular units.

Right now you can get loans on your retirement. During the first five years, new employees and new faculty would be limited to employee contributions only for loan purposes. Of course, none of us want to encourage anybody to borrow from their retirement. In some cases, people have to do it. Then upon separation, the employee would have access to their employee contribution but not the employer contribution if they were not vested; if they did it before five years.

If someone leaves and comes back within a year, they can be reinstated for -- for benefit purposes and employer contribution would be reinstated. So somebody was here for a year, left a year, came back, then would then be in their fourth year and they stay another two years, their previous three years of employee contributions would be theirs as well.

As you know, we acquire groups, hospitals, companies, et cetera, from time to time. This is to allow those employees who were working for another employer who became us -- became part of us, to be -- to

get credit for vesting in their employment with the prior organization. We're planning on seeking approval -- is said September. That was the original schedule. I e-mailed Dave and told him because of the volume of things that were on the September board meeting, we moved this to October. And I think also you all have not had a chance to have a full discussion of this. So we wanted an opportunity to do that as well. Effective date would be January 1st of 2010. You were going to pose the questions?

CHAIR: Questions? Bob.

GROSSMAN: Yeah. I have just one clarification that after the -- after the five years and when they're fully vested, they get University contributions from day one?

BUTLER: Yes.

GROSSMAN: Okay. And the second question is: How do you separate out the University contribution -- you know, you -- it all still goes into a single fund --

BUTLER: Goes into a single -- yeah.

GROSSMAN: And then you take back two-thirds of how much it is grown to or shrunk to?

BUTLER: Well, what we would do -- we're -- well, we'll be keeping track of that now through SAP. And -- and for your first five years, for new employees, we'll be tracking your portion and -- and I mean, it goes into a pool. So we'll be tracking that. And then if you leave after year three, we will have an accounting of what that is. Of course, you -- you can figure that out by just looking at your online pay stub and figure out how much the University has paid into that, and of course, we have that information too. And then that -- that would go back into the miscellaneous benefit account which is how we charge all of you for those expenses.

GROSSMAN: But it's -- I mean, the money -- the money that's in the account isn't what you put in, or was it -- what the employee put --

BUTLER: The money in the account is what -- what you put in as an individual and what the University puts in.

GROSSMAN: But it's grown then or shrunk, according to what the market has done?

PAYNE: It would actually be the -- at Fidelity and TI-CREF, they actually track the money based on what they call the source code, whether it was employer money or employee money. And so the employer money would be tracked separately, and any gains or losses would be separated, you know, if the employee is not vested, then the entire account would come back to the University on the employer's side. Gains or losses.

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BUTLER: Yeah. So you -- if it was worth 20,000 when you put it in, and it's worth 15,000, we get the 15 back not the 20.

GROSSMAN: Right.

BUTLER: And we are at the mercy of the market?

GROSSMAN: Okay. I originally thought you were just going to say you take two-thirds back because --

BUTLER: No. We'll -- we'll be tracking the individual amounts.

GROSSMAN: Okay. So -- but does that then lead to the question can -- can an employee say, I want my contribution to go to a safe fund, and I want the University contribution to go to a risky fund?

BUTLER: Great, great suggestion but --

PAYNE: Theoretically you could do that. You can say, you know, a third of my money, I want to put into a bond fund or whatever it is, and two-thirds I want to be, you know. But you're basically investing 100 percent of the total.

BUTLER: It would come out of whatever your pool dollars were at the end, whatever the value was so...

GROSSMAN: So it does end up being basically two-thirds?

BUTLER: Yeah.

GROSSMAN: Ten percent would be about two-thirds?

BUTLER: Yes, sir.

KWON: It's just a similar question. I just --

BROTHERS: Sorry, name, please?

KWON: Oh, Donna Kwon, Fine Arts. I'm just wondering if your -- if your -- the gross then is it the original contribution that goes back, or --

BUTLER: It's -- it's whatever the -- whatever the fund is worth at the time.

KWON: Oh.

BUTLER: So if you ended -- you leave in three years, it's going to be, you know, if you put in \$100,000, and it's worth 150, then you would get your portion of 150 and -- and the University would keep the other part.

SPEAKER: (Unintelligible), Political Science. In your presentation you mentioned explicitly faculty and staff. And I wonder if new rules apply also to administration?

BUTLER: It applies to everybody, everybody. All -- this would apply to all University employees, including athletic coaches in case you were wondering. Before you ask. Go ahead.

MILLER: Joe Miller, Communication and Information Studies. I was curious, I mean, I -- it seems to me -- I mean I was hired 30-some years ago, and I thought there was like a vesting period. I mean,

is this --

BUTLER: There was.

MILLER: -- similar to what we had at one time, and then --

BUTLER: Yeah, I -- I -- I came here probably about the same time you did. And when I came here in '75, there was a five-year vesting period.

MILLER: And then when did that go away?

BUTLER: You know, I -- somebody asked me that the other day. I don't have any idea.

PAYNE: I think it was around 1988.

BUTLER: He says about 1988. For whatever reason, we went to -- and we didn't go all in one year, did we, or -- or did -- did it change over time?

PAYNE: I think it was all at --

BUTLER: All at one time?

PAYNE: Yeah. I wasn't here at the time.

CHAIR: Professor Wood.

WOOD: I know the answer, but I'm going to ask the question anyway.

BUTLER: Well, why don't you just give the answer?

WOOD: No, I'd like to ask you the question. Suppose that the University is successful in hiring a very prestigious senior faculty member.

BUTLER: For a limited period of time?

WOOD: Less -- in this supposition, they're going to be here less than five years?

WOOD: There's potential -- this person is very -- what I'm asking is is would this person be exempt or is there the possibility the person could be exempt for the purposes of recruiting the highest quality faculty to the University?

BUTLER: The answer is no. Once you set up a policy like this, according to IRS rules, you don't make exemptions. That doesn't mean you can't be creative, and -- and I've actually be dealing with some of that in the last couple of weeks in the College of Fine Arts. And that is I suggested that if you've got somebody that's going to be here for 24 months, let's -- let's talk about what we need to do with adjusting their -- their salary on the front end to make up for the fact that they won't get it on the back end.

CHAIR: Please.

HAYES: Jane Hayes, Computer Science, College of Engineering. What if there's, heaven forbid, a layoff, and we are losing faculty and staff, then would they still be subjected to this?

BUTLER: They would be subjected to the one-year rule, yeah.

BLONDER: Lee Blonder, Behavioral Science. What would happen in the event of staff or faculty paid off grants who leave before this five-year period, and the money has been taken out of the grant fund which is a

government agency?

BUTLER: I -- I -- could I ask you to -- to give you the details of that, I would be overstating my knowledge of how it's going to be dealt with. E-mail Angie Martin who's the -- because that question came up from Mary Vore in the Medical Center, and I saw it was about a paragraph response how she explained it and -- and Lou Hersch brought up the same thing. So if you'll -- if you'll just e-mail her, she'll give you basically the formula about how that's going to be handled. So basically it goes, you know, that money would come -- come back to the department in terms of a credit for future expenses. That's the shorthand version.

MOUNTFORD: Let me ask that question -- oh, Roxanne Mountford, A&S. Let me ask that question a little different way. Some institutions honor vesting from other institutions which almost only ever applies to senior staff and faculty. So University of Kentucky then would not honor vesting from another institution?

BUTLER: No. They'd be starting out at zero here.

MOUNTFORD: So you'd start at zero.

BUTLER: I mean, we've got a lot of people, very honestly, I'll pick on Jim Tracy. Jim retired from the University of Wisconsin, you know, so he came here. So he's starting on his second retirement program. So if he can last five years, you know... No, anybody that's already on board, yes, but we're not carrying vesting forward from other institutions.

NADEL: Yeah, if I read your chart -- Alan Nadel, A&S. If I read your chart correctly, you said the next year, which means two years from now, you would save 375,000; was that the amount? It was under a million, right?

BUTLER: Oh, yeah.

NADEL: And -- and the second year was under a million also. If that's going to be the source of a raise pool, if I'm doing my math correctly, that's a couple hundred dollars on the average per person.

BUTLER: I'm not suggesting this is the total answer. I'm suggesting that if we're going to -- if we're ever going to get started on trying to create a pool of dollars, we've got to do it now. Keep in mind also this thing, you've got to discount that by 50 percent because half of that goes to the Medical Center. So you know, think about all the folks that are on the clinical payroll at the Medical Center, the -- the hospital, et cetera. So you know, that -- that, I mean, that will be accumulated for -- for their raise pool, but it won't be available University-wide.

So this is a, I mean, this is a small down payment, folks.

NADEL: So to go back to your preface to this presentation, you -- you said that President Todd asked you to find ways to look at the budget to find money for a raise pool. And this is one of them. Are there others?

BUTLER: There -- there are a lot of others, none very palatable, you know.

NADEL: So in other words, this won't provide the raise pool, and the other ones aren't palatable?

BUTLER: That's a pretty good description. Consider this, you know, consider this a portion of what we're going to have to do here. I mean, if you take -- if you take a look at what's going on in some of our other institutions, I just -- just saw an e-mail today from the President of the University of Nebraska, and they've got an institution that's been fairly protected up till now. Well, you know, the reality has also hit them. And he sent a note out to all his faculty and staff saying, brace yourselves; we're looking at big budget cuts coming. The University of Georgia just made a decision to add three more -- three more days of furlough that have to be taken between now and -- and the 31st of December of this year. So, yeah, there's plenty of really ugly things out there that we could do. The University has made a decision at this point that that's not an option that we want to look at. And so we're -- we're looking at other things. I -- if -- if any of you all have other suggestions to other areas we need to look at, I would be delighted to hear about them. But you know, these are -- I hate to characterize it, but this is sort of low-hanging fruit because it doesn't take away -- I'm sorry, Ernie, I'll stop talking in a second. This doesn't take away anything from current employees. We, in fact, are -- are putting this burden on, you know, the future hires, but I would say to you one thing that will most likely happen with this is that you'll have some retention that you might not have had in the past because people are going to get to year three or four, and they're going to look and see what they've got in their retirement account, and they're going to say, well, maybe I won't leave now; maybe I'll hang around for another year or two till I'm vested.

CHAIR: I'm just going to add a note here for your interest. We just had the chairs of the other SEC Senates here for a meeting a week ago. Not one of those schools is better off than we are so... Yes.

HULSE: David Hulse, College of Business

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and Economics. If I recall correctly, when I was hired many years ago, my start date was August 1st. And so if I had left after my fifth year, I would have terminated June 30th. So I would have been here four years, 11 months. So in order to qualify for the vesting, would I have to be here effectively six years, not five?

PAYNE: No.

BUTLER: No.

PAYNE: We actually look at faculty on academic years, you know, for like the rule of 75, you know, for retirement, you know, we would look at it the same way. If you worked five, you know, academic years, so you would vest at that point.

BUTLER: We haven't got Ernie yet.

YANARELLA: Frank, tell me what thinking is going on at the upper echelon with regard to the one of the few growth industries in this University, our athletics' program. There has been significant amount of media attention given to the return that the sports program has given to the University and the general fund. This was started way back, I guess, when David Roselle was -- was President and the program gave about a million dollars out of its 13.7 million dollar budget. I looked at the stats most recently in the latest budget, and I think the sports program now is up to 69 million dollars. And if I'm not mistaken, this year the sports program is giving or has given last year 1.75 million dollars. When we compare that to the potential that is there, it seems to be, in rough times, it seems to me that big blue nation owes the academic side of this campus a lot more than what seems to be a -- a -- a growing -- a smaller and smaller percentage of its budget. We can -- we also look -- we also look at the latest SEC television rights' contracts. What we find again is that those television -- those television rights contracts are -- are continuing to escalate. And so it seems to me that -- that here is another area which may not be totally palatable -- palatable to the big blue nation fans, but in the kind of situation that we are likely to confront over the next two to five years, it's an area where, I think -- I think, which needs to be much more carefully examined. Is -- is this seen as unpalatable in the upper echelons or is --

BUTLER: No. Actually, you know, it was Lee's initiative that added the \$600,000 last year, and I'm sure as we look at the budget this year that I -- I can assure you nothing is off the table and everybody is going to have to contribute. And I'm sure athletics will be looked at to contribute additionally this year.



- CHAIR: If I can also editorialize. Go to the August 31st issue of the Chronicle of Higher Education, and there's an article in there about the SEC schools academics funding versus the sports funding. It's very informative, August 31st issue of -- of the Chronicle. Further questions?
- STEINER: Shelly Steiner, Biology, A&S. You stated the fact that people may stay longer. The other part -- the other side of that coin is that basically you won't be able to hire someone, I mean, particularly in clinical sciences where they're coming for three, four years stay, it's very -- it's -- it's a great disincentive, it seems to me. And -- and for staff that gets reduced, as you call it, that's -- that's what's going to get hit most. I mean, I'm not saying you do it --
- BUTLER: This -- this is my -- don't let me portray this as this is all upside. I mean, there's some downside. It's kind of like -- again I'll refer to the retiree health benefits. One of the things that we did when we did the retiree health benefits' structure is we -- if you retire early now before the age of 65, what you have to pay in -- in your contribution to health benefits is substantially higher than -- than if you stay here as -- as employees. And one of the things that was raised when we did that was the variation you brought up when they said, well, we've got -- we've got people now that are going to stay just so they don't have to pay for their health benefits out of their own pocket. I'm not sure we've seen any real evidence of people staying just so they can get their health insurance. There probably are some, but if you look at the number of turnover that we have, both on the faculty and staff side, I don't think -- if you looked at the data, I don't think you can come to the conclusion that -- that -- and that was three years ago, that it's has had any long-term effect. You know, I think we're going to have to see what impact this has on retention and -- and recruitment. And we may have to come up with some -- some ways to deal if we run into a problem. But I -- I would submit to you respectfully that if we're going to -- if we're going to start down a path of trying to create some -- some dollars that we can use for a salary increase, we're just going to have to make some of these decisions, recognizing that there's going to be some down sides to them.
- ANDERSON: Debra Anderson, College of Nursing. I'd like to bring up one other group that may be affected by this, and that's younger women, some men as well, but if we have women who come here to work, and

they work three or four years. The biological clock is ticking. They stop to have a family for four or five years. Take time off to be with the kids when they're small, is there been any consideration of that one-year period being a longer period, that one-year rule?

BUTLER: I think we look at that as, you know, I think, you know, if you go from one year to two years, from two years to three years, five, three or five years, five years to eight years, you know, I -- I think it's a slippery slope. I think there's no ending to where you get to if you -- if you just start expanding it. And so I think for right now, we're going to see how this works. If it turns out we have to make course adjustments in the future, we'll take a look at them. Yes, ma'am.

ANDERSON: Has -- Debra Anderson, College of Nursing. Has Work Life been closely involved with this so that they've looked at some of the ramifications to families?

BUTLER: Yeah.

ANDERSON: I really think that's an important issue that we may have forgotten.

CHAIR: Ernie.

YANARELLA: Frank, just go back to some of the things you were talking about with respect to the Medical -- the Medical Center people. One of the -- one of the areas where I have gotten a fair amount of e-mail traffic as -- as a faculty trustee has to do with the issue of recruitment. Could you expand a little bit about how you might be able to -- to deal with those issues, some of which have been raised in slightly different ways in this context?

BUTLER: Actually, I -- when I made the presentation to the Med Center, Jay Zwischenberger who's chair of surgery, we got into a discussion about that. And he was bringing somebody in for a two-year period on -- I can't remember -- on what special circumstance, but it was a faculty member he was bringing in. He basically did a salary adjustment for the two-year period. So he -- he took money out of his departmental budget in order to offset the loss that that person would have in the -- in the retirement thing. So you know, it's -- it's already being done in anticipation of a change in policy.

CHAIR: And the medical faculty, we're delighted to accept contributions now.

BUTLER: You get a lot of sympathy from your colleagues on this side of campus too, I'm sure.

CHAIR: And Ernie and Everett McCorvey, part of their job is to represent your views before the Board. So you may see Ernie if there's something that you want to

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express to the Board, I would think.

Final questions?  
YANARELLA: Are you asking me a question?  
CHAIR: I just -- I just indicated that  
they may see you if they want --  
YANARELLA: Please -- please do.  
CHAIR: -- to have issues brought to the  
Board. Thank you so much.  
BUTLER: You're welcome.  
CHAIR: The last issue of business. Do I  
have a motion to adjourn?  
AUDI ENCE: Yes.  
CHAIR: Second?  
AUDI ENCE: Yes.  
CHAIR: You're adjourned.

\* \* \* \* \*

THEREUPON, the University of Kentucky  
Senate Council meeting for October 12, 2009 was  
adjourned at 4:30 p.m.

\* \* \* \* \*

COUNTY OF FAYETTE ) STATE OF KENTUCKY )

I, LISA E. HOINKE, the undersigned Notary  
Public in and for the State of Kentucky at large,  
certify that the facts stated in the caption hereto  
are true; that at the time and place stated in said  
caption the UK Senate Council Meeting was taken down  
in stenotype by me and later reduced to computer  
transcription under my direction, and the foregoing  
is a true record of the proceedings which took place  
during said meeting.

My commission expires: January 26, 2011.

IN TESTIMONY WHEREOF, I have hereunto set  
my hand and seal of office on this the 3rd day of  
November, 2009.

LISA E. HOINKE  
NOTARY PUBLIC  
STATE-AT-LARGE  
KENTUCKY