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1986 October 6 - Faculty Senate Agenda and Minutes

Faculty Senate, East Tennessee State University

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East Tennessee State University
Box 23534 ETSU Johnson City, Tenn. 37614-0002 (615)929-4112

AGENDA

FACULTY SENATE MEETING

October 6, 1986

Forum Room, Culp Center, 3:30 p.m.

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES
- III. TREASURERS REPORT
- IV. ANNOUNCEMENTS
 - President's Council - No report
 - Academic Council - No report
 - University Council - No report
 - State Board of Regents Fall Meeting Report - John Taylor
 - State Insurance Commission Meeting Report - Bill Fisher
 - Council on Pensions & Retirement Committee Report - Bill Fisher
- V. COMMITTEE REPORTS - None
- VI. OLD BUSINESS - None
- VII. NEW BUSINESS
 - 1986-87 Faculty Senate Committee Organization
 - 1986-87 Faculty Senate Committee Agenda Item Roster
- VIII. ADJOURNMENT



East Tennessee State University
Box 23534 ETSU Johnson City, Tenn. 37614-0002 (615)929-4112

MINUTES OF THE OCTOBER 6, 1986 FACULTY SENATE MEETING

CALL TO ORDER

President Bill Fisher called the meeting to order at 3:33 p.m., there being a quorum present.

APPROVAL OF THE MINUTES

The minutes of the September 22, 1986 meeting were approved by voice vote.

President Fisher reported that we would be receiving a copy of the Memphis State University Faculty Senate minutes.

TREASURER'S REPORT

Gordon Ludolf noted that travel funds are being depleted rather quickly. The complete report will be appended to the set of minutes kept in the Library.

ANNOUNCEMENTS

State Board of Regents Fall Meeting Report: John Taylor reported that he attended the meeting of the Committee on Personnel which met the day preceding the SBR meeting. Two items of interest were noted. The first was the approval of a new promotion policy for Walters State Community College in Morristown. A very significant aspect was a 250 points maximum rating by student evaluations out of a 950 points total. The rating was determined by this one question on an evaluation form: "Considering everything, how would you rate this teacher? Bad, poor, neutral, good, excellent?" The entire process was devised and approved by the faculty, according to the President of Walters State Community College.

The second item was the approval of revisions to the Academic Freedom, Responsibility and Tenure policy of the SBR. The policy was revised effective 1984 to change the locus of tenure from university to department or program. Our Faculty Senate and others were very opposed to the change. The Faculty Sub-Council of SBR had gone on record as being opposed. Dr. Taylor stated that he made a strong statement at this Personnel Committee meeting:

- 1) "Program" was not defined.
- 2) It is inconsistent with AAUP policy.
- 3) It would cause an even more closely guarded general education core.
- 4) It increases the opportunity for administrative manipulation.

The SBR voted unanimously to continue the policy. Dr. Taylor said that some features of the revised policy are better than the previous one: The president of a college or university is now required to bring to the attention of the Faculty Senate any plans to eliminate any tenured positions.

Another revision of the policy is that each school will develop its own policy on using student evaluations in tenure decisions.

Dr. Fisher noted that the senators were given copies of part of the tenure policy. Attention was called to the portion dealing with student evaluations. The wording is "Each institutional policy must include a process section which defines levels of review ..., etc.". Dr. Fisher stated that a dean is up for tenure who has never taught on this campus. He questioned how student evaluations could be a part of this tenure application.

Dr. Fisher urged that a committee of the Faculty Senate devise a policy for using student evaluations.

Dr. Taylor reminded the Senate that at the spring SBR meeting a student representative had requested that 40% of the tenure evaluation process be determined by student evaluations.

Dr. Taylor also noted that the previous Dean of the College of Education, ETSU, was granted tenure in the Supervision and Administration Department without the approval of the departmental faculty. This was in violation of the SBR rule that tenure must be given with the approval of the department.

Dr. Fisher called attention to another hand-out, the Master Land Acquisition and Disposal Plan of ETSU. An item of interest is that the University owns and wishes to dispose of the property at Afton and Maple Streets, which includes the building used by the Johnson City Community Theater.

State Insurance Commission Meeting Report: Dr. Fisher called attention to the hand-out of the agenda and brief report. Dr. Fisher attended the meeting which was held in response to House Joint Resolution 510 ("to direct the State Insurance Committee and the Local Education Insurance Committee to study the medical insurance needs of retirees from State employment and employment with local education agencies and to make a report to the General Assembly"). A prospective program is supposed to be presented to the 1987 Tennessee General Assembly by January 15, 1987. Tennessee is one of only three states which do not make some contribution to retirees' health insurance.

There has still not been funding appropriated for a dental insurance program.

Council on Pensions and Retirement Committee Report: Phased retirement was presented by the UT system. The Council approved the study.

Items from minutes of the Faculty Sub-Council of SBR:

- a) Merit pay is locally determined.
- b) The payment schedule of 12 months is a condition of employment (not 9 months).
- c) Legality of posting students' grades: the instructor must have written permission of students to use social security numbers to post grades.
- d) Funding formula for higher education will be based on the average attendance for fall and spring semesters, not on the 14th day of fall semester.
- e) Fee discounts for deceased Faculty members' spouses and children were approved.

Dr. Fisher requested that discussion of the Sick Leave Bank be put on the agenda of the next meeting. Can a professor donate his sick leave days to the Bank when he leaves an institution?

Three department chairs in Arts and Sciences are to be evaluated this year.

There is an ad in the Chronicle of Higher Education for a Director of Computer and Information Resources which states that the university is committed to a major hardware upgrade by July 1, 1987.

A reminder was given about discounts to employees at State Parks.

Insurance plans are changing. Personnel will be notifying us of changes.

NEW BUSINESS

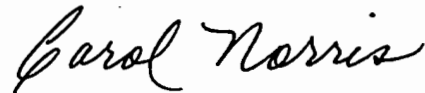
Hand-outs of membership of Senate committees were distributed. An attempt was made to put a member of the Executive committee on each committee except the Election Committee. A fair distribution of school representation was also attempted.

Anne LeCroy requested that a senator from each college find out if the college has a representative to the Promotion Appeals Committee and let her know before November.

ADJOURNMENT

At 4:10 p.m. the Senate adjourned as a group in order to meet in committees for the purpose of deciding on meeting times and discussing agenda.

Respectfully submitted,



Carol Norris, Secretary

NOTE: After the October 20th Faculty Senate Meeting, minutes will no longer be sent to all faculty and administration. Summaries of the meetings will appear in the ETSU Update. Faculty may read the official minutes in the Library or obtain a copy from a Faculty Senator.

CN/kja

Carol Norris
P. O. Box 22450A

DEC 16 1986

appropriate restraint, should show respect for the opinions of others, and should make every effort to indicate that he or she does not speak for the institution.

Academic freedom is essential to fulfill the ultimate objectives of an educational institution - the free search for an exposition of truth - and applies to both teaching and research. Freedom in research is fundamental to the advancement of truth, and academic freedom in teaching is fundamental for the protection of the rights of the faculty member in teaching and of student to freedom in learning. Implicit in the principle of academic freedom are the corollary responsibilities of the faculty who enjoy that freedom. Incompetence, indolence, intellectual dishonesty, serious moral dereliction, arbitrary and capricious disregard of standards of professional conduct - these and other grounds as set forth in Section 15 may constitute adequate cause for dismissal or other disciplinary sanctions against faculty members subject to the provisions of Article III. The right to academic freedom imposes upon the faculty an equal obligation to take appropriate professional action against faculty members who are derelict in discharging their professional responsibilities. Thus, academic freedom and academic responsibility are interdependent, and academic tenure is adopted as a means to protect the former while promoting the latter. While academic tenure is essential for the protection of academic freedom, all faculty members, tenured or non-tenured, have an equal right to academic freedom and bear the same academic responsibilities implicit in that freedom.

III. Policy on Academic Tenure

1. Definitions

The following are general definitions of words and terms used in this policy which are not hereinafter specifically defined; however, the words and terms are subject to further qualification and definition in the subsequent sections of this policy.

- a. Academic Tenure - a personnel status in an academic organizational unit (e.g., a department or division) or program of a college, university, or institute pursuant to which the academic year appointments of full-time faculty who have been awarded tenure are continued at an institution until the expiration or relinquishment of that status, subject to termination for adequate cause, for financial exigency, or for curricular reasons.
- b. Adequate Cause - a basis upon which a faculty member, either with academic tenure or a tenure-track or temporary appointment prior to the end of the specified term of the appointment, may be dismissed or terminated. The specific grounds which constitute adequate cause are set forth in Section 15.
- c. Financial Exigency - the formal declaration by the State Board of Regents that one of its institutions faces an

imminent financial crisis, that there is a current or projected absence of sufficient funds (appropriated or non-appropriated) for the campus as a whole to maintain current programs and activities at a level sufficient to fulfill its educational goals and priorities, and that the budget can only be balanced by extraordinary means which include the termination of existing and continuing academic and non-academic appointments.

- d. Faculty Member - a full-time employee who holds academic rank as instructor, assistant professor, associate professor, or professor, and for purposes of this policy, who meets the minimum requirements for eligibility for tenure in Section 3 and whose responsibilities primarily include instruction, research, and public service.
- e. Probationary Employment - a period of full-time professional service by a faculty member for whom an appointment letter denotes a tenure-track appointment in which he or she does not have tenure and in which he or she is evaluated by the institution for the purpose of determining his or her satisfaction of the criteria for a recommendation for tenure.
- f. Temporary Appointment, Tenure-Track Appointment, and Tenure Appointment - these three types of faculty appointments are defined in Section 4 of this policy.

2. Academic Tenure

Tenure is a status pursuant to which faculty appointments for the academic year in an organizational unit (e.g., a department or division) or program of a college, university, or institute, are continued until retirement for age or physical or mental disability, subject to dismissal for adequate cause or unavoidable termination on account of financial exigency or curricular reasons. Tenure is awarded only by positive action by the Board, pursuant to the requirements and procedures of this policy, at a specific institution. The awarding of tenure is a recognition of the merit of a faculty member and of the assumption that he or she would meet the long-term staffing needs of the UNIT or PROGRAM and the institution. It is only awarded to those members of the faculty who have exhibited professional excellence and outstanding abilities sufficient to demonstrate that their future services and performances justify the degree of permanence afforded by academic tenure.

3. Minimum Eligibility Requirements for Consideration for Academic Tenure

Institutional policies must include specifically identifiable sections which define minimum eligibility requirements for consideration for academic tenure. Those sections must clearly distinguish between (a) minimum eligibility requirements for consideration for academic tenure and (b) criteria to be considered in tenure recommendations (see Section 8).

department or division. Institutional procedures shall insure that peer committees have qualified privilege of academic confidentiality against disclosure of individual tenure votes unless there is evidence that casts doubt upon the integrity of the peer committee. The recommendation for tenure must be made by the president to the Chancellor and by the Chancellor to the Board. In the event that tenure is awarded by the Board, the president shall furnish to the faculty member written confirmation of the award.

- c. Each institutional policy must include a process section which defines levels of review, procedures associated with review by various levels, and a clear description of materials concerning the candidate that each level will possess as it carries out the review. Each policy should also include a calendar or schedule of the review process. EACH INSTITUTIONAL PROCESS SECTION MUST ADDRESS (1) TYPES AND FREQUENCY OF STUDENT EVALUATION OF INSTRUCTION BY PROBATIONARY FACULTY MEMBERS AND (2) USES OF STUDENT EVALUATIONS IN THE REVIEW PROCESS LEADING TO TENURE. FINALLY, EACH POLICY SHOULD (3) DESCRIBE PROVISIONS FOR ENSURING A STUDENT ADVISORY ROLE IN DEFINING THOSE USES OF STUDENT EVALUATION.

10. Expiration of Tenure

Tenure status shall expire upon retirement of the faculty member, or at the end of the academic year during which a faculty member reaches age seventy (70). Tenure shall also expire upon the event of permanent physical or mental inability of a faculty member, as established by an appropriate medical authority, to continue to perform his or her assigned duties.

11. Relinquishment of Tenure

A faculty member shall relinquish or waive his or her right to tenure upon resignation from the institution, or upon failure to report for service at the designated date of the beginning of any academic term, which shall be deemed to be a resignation unless, in the opinion of the president, the faculty member has shown good cause for such failure to report. Where a tenured faculty member is transferred or reclassified to another department or division by the institution, the transfer or reassignment shall be with tenure. Tenure shall not be relinquished during administrative positions at the institution.

12. Termination of Tenure for Reasons of Financial Exigency

A tenured faculty member may be terminated as a result of financial exigency at an institution subject to Board declaration that such financial conditions exist. Personnel decisions (including those pertaining to tenured faculty) that result from a declaration of financial exigency at a Board of Regents institution will comply with the Board Policy on Financial Exigency (5:02:06:00).

- 5) among tenured faculty with comparable rank and comparable degrees, those with greater seniority in rank should normally have priority over those with less seniority.

f. Definitions:

- 1) "Program is deleted from the curriculum" means that the Board takes formal action to terminate a degree major, concentration, or other curricular component and that such termination eliminates or reduces need for faculty qualified in that discipline or area of specialization.
- 2) "Substantive and continued reduction of student enrollment in a field" means that over a period of at least three (3) years student enrollment in a field has decreased at a rate in considerable excess of that of the institution as a whole and that such reduction has resulted in faculty-student ratios that, in the opinion of the president, cannot be warranted either by comparison with equivalent faculty load practices within the institution or by comparisons with faculty loads in comparable departments or divisions at similar institutions which the president would deem to be appropriate for comparison.

- g. When a tenured faculty member is to be terminated for curricular reasons, the president will make every possible effort to relocate the tenured faculty member in another existing vacant position for which he or she is qualified. IN INSTANCES WHERE (IN THE OPINION OF THE PRESIDENT) RELOCATION WITHIN THE INSTITUTION IS A VIABLE ALTERNATIVE, THE INSTITUTION HAS AN OBLIGATION TO MAKE SIGNIFICANT EFFORT TO RELOCATE THE FACULTY MEMBER, INCLUDING THE BEARING OF REASONABLE RETRAINING COSTS. The final decision on relocation is within the discretion of the president.

14. Transfer of Tenure

Where a faculty member is tenured in an academic unit (e.g., a department, or division) or program and is subsequently transferred to another academic unit or program, the transfer is with tenure. In no instance may the faculty member be compelled to relinquish tenure (see Section 11) as a condition for effecting the transfer.

15. Termination for Adequate Cause

A faculty member with tenure or a faculty member on a tenure-track appointment prior to the end of the term appointment may be terminated for adequate cause, which includes the following:

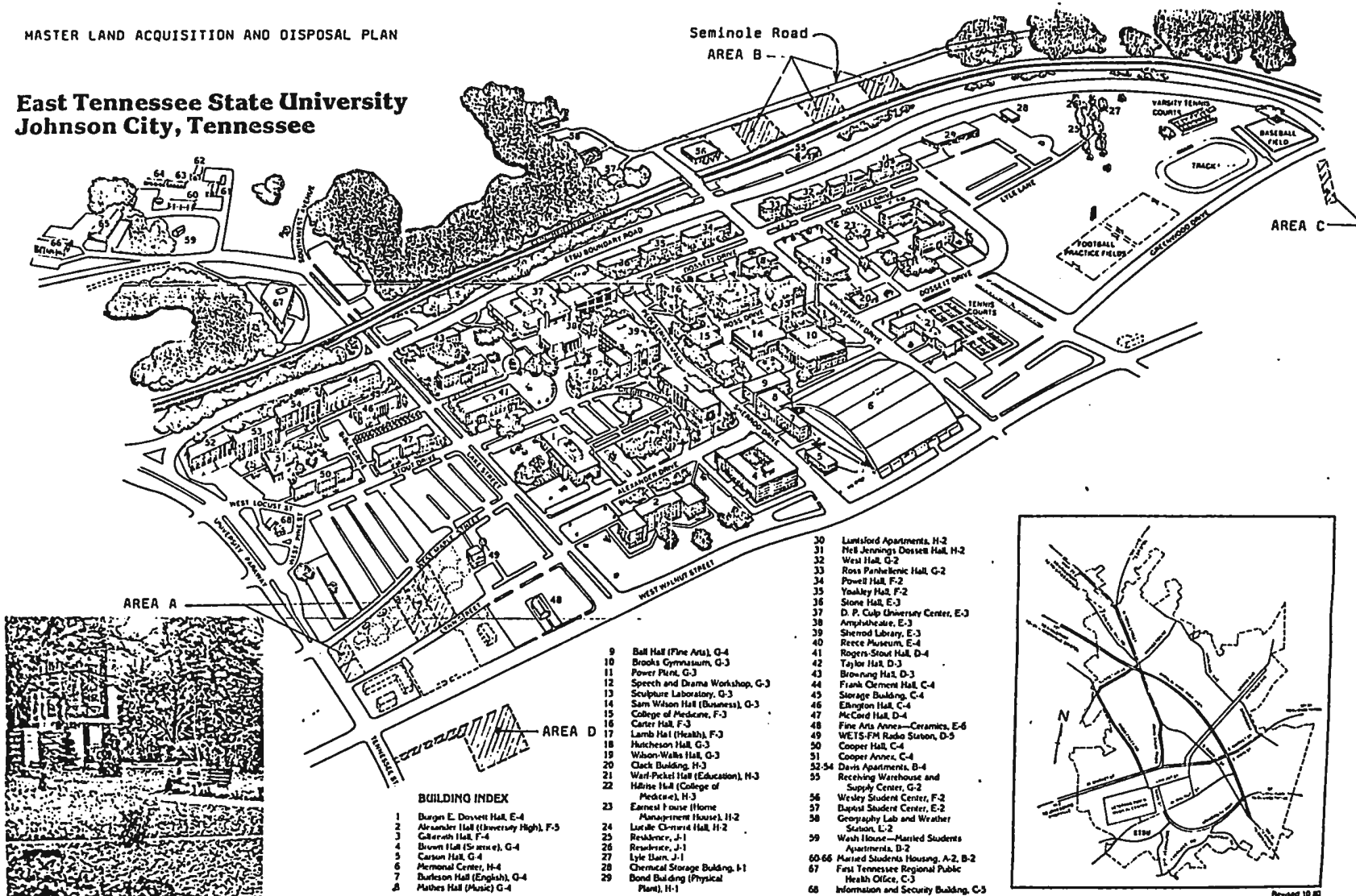
- a. Incompetence or dishonesty in teaching or research.
- b. Willful failure to perform the duties and responsibilities for which the faculty member was employed, or refusal or continued failure to comply with the policies of the Board,

MASTER LAND ACQUISITION AND DISPOSAL PLAN
EAST TENNESSEE STATE UNIVERSITY

1. East Tennessee State University plans to acquire five (5) parcels of land on Maple Street. Total acquisition cost is estimated at \$269,000. There will be no capital funds used for their acquisition and they will be acquired only if and when they are offered for sale by the owners. The land will be purchased to complete a block of land needed for future campus expansion which is seen to be parking at this time. These parcels are noted as Area A on the attached Acquisition/Disposal Plan.
2. Acquisition of seven acres of land adjacent to the Johnson City Medical Center for the new Clinical Education Facility is funded from the 1984 Capital Outlay appropriation and will cost \$570,500.
3. The University will purchase the Kingsport Family Practice Center in May, 1987, per terms of the Lease-Purchase Agreement. The TSSBA Bonds for this acquisition have been approved. In addition, the University plans to exercise its option to purchase the Bristol Family Practice Center in 1990 per terms of the Lease-Purchase Agreement.
4. The campus will dispose of five (5) parcels of land located on Seminole Drive. These properties are not needed for future University growth because the railroad tracks have isolated the property from the main campus. These parcels are identified as Area B on the attached Acquisition/Disposal Plan. It is estimated the University will receive \$120,000 for these properties.
5. The University wishes to dispose of the property at Afton and Maple Streets which includes an old church that is used by The Johnson City Community Theater. The building is not in good physical condition, the University has no programmatic use for the property, and it is isolated from the campus 2 miles away. The value is estimated at \$10,000.
6. The University will sell to the City of Johnson City a minimum right-of-way for the construction of a new four-lane Greenwood Drive which is shown as Area C on the attached Plan.
7. The University plans to dispose of the University Coal Unloading/Storage Facility in the future. The facility is located in an area that will be extensively developed for commercial use when the State of Franklin Road is completed. The value of the land and the appearance of a coal storage area in the midst of commercial development will eventually lend to the sale of the property. The value of this property is estimated at \$250,000. See Area D on the attached Acquisition/Disposal Plan.

MASTER LAND ACQUISITION AND DISPOSAL PLAN

East Tennessee State University Johnson City, Tennessee



Agenda

Retiree Insurance Hearings State Insurance Committee, Local Education Insurance Committee

Wednesday, September 3, 1986

- 10:00 Tennessee State Employees Association
Sandy Johnson
- 10:30 Tennessee Retired Teachers Association
David Atkison
- 11:00 Tennessee Education Association
Cavit Cheshire
- 1:30 U. T. Faculty Senate
Henry Fribourg
- 2:00 U. T. Retiree's Association
David Shirley
- 2:30 ETSU Faculty and Staff
William Fisher
- 3:00 Employment Security Retirees Association
Emmitt Conner
Richard Emrick
Dan Scates

September 29, 1986

This meeting was in response to House Joint Resolution 510 (copy attached). The Higher Education Representative on the State Insurance Committee, Mr Williams, Personnel Director of Memphis State University was not in attendance. A letter was also sent to the Board of Regents prior to this meeting requesting their input but no reply was received. I was the only person who testified from any Board of Regents group as you can see. We are indebted to the UTK Retirees organization because they sponsored and worked for the passage of the resolution. A prospective program is supposed to be presented to the 1987 Tennessee General Assembly by next January 15. Only three states do not make some contribution and Tennessee is one of them.

TSEA vs. State on dental plan?

The TSEA state board of directors authorized the TSEA staff to begin procedures to file suit against the state for their failure to comply with a law that required them to offer dental insurance to all state employees.

The law states that a dental insurance program must be available to state employees by July 1, 1986. The State Insurance Committee approved a proposal requesting bids from insurance companies at the late date of June 30, 1986 — one day before the legal deadline. Committee members say it will take mon-

'We would not hesitate to sue.'

ths to collect and review the bids, choose an insurance company, and put the plan into action.

According to State Insurance Committee Director Richard Chapman, the bids should be in by mid-October or November. "We're shooting for a January 1 implementation date," Chapman said.

Despite authorization to do so, TSEA has no immediate plans to sue the state, according to Executive Director Sandra Johnson. "Right now it would not be practical to sue," Johnson said. "They have asked for bids and have started the process — if we went to court it would not speed things up at this point."

"If things do not move along quickly so
continued on page 2

state employees can get dental coverage in the next few months," Johnson said, "we would not hesitate to sue."

A dental insurance program for state employees has been plagued with problems from the start. In 1982, Governor Lamar Alexander line-item vetoed funding for a state dental plan. Since then, the effective date of the law has been pushed forward every year in order to keep the state from not funding a law that is on the books. In 1985, TSEA supported a bill which set the effective date on the law at July 1, 1986 and required the Insurance Committee to offer dental insurance even if it was not funded by the state and the entire premium must be paid by the employee.

The dental insurance, while not paid for by the state, will be offered at a lower rate than an individual could get on a private policy. The insurance will be op-

tional, and TSEA has no information about what will be covered by the plan. More details will be available when the bids are received. It is likely that there will be a "pre-existing condition" clause in the policy that will not cover any dental problems that occur before the policy goes into effect.

"We don't know what it will cover, how much it will cost or when it will go into effect," Jim Wiseman, Insurance Committee employee representative, said. "All I can say is go ahead and take care of your dental problems now. We are trying to get a good deal for state employees, but it won't cover everything."

"TSEA will continue to watch the dental insurance situation closely to make sure everything is being done to get the insurance to state employees as soon as possible," Johnson said.

*10-2-87
Rhinehart, Work*

HOUSE JOINT RESOLUTION NO. 510

by
Rhinehart, Work

A RESOLUTION to direct the State Insurance Committee and the Local Education Insurance Committee to study the medical insurance needs of retirees from state employment and employment with local education agencies and to make a report to the General Assembly.

WHEREAS, approximately 13,490 individuals are presently retired from employment with the State and 10,388 of these individuals are age 65 or older; and

WHEREAS, approximately 18,896 individuals are presently retired from employment with a local education agency and 15,523 of these individuals are age 65 or older; and

WHEREAS, the insurance plans offered by the State Insurance Committee and the Local Insurance Committee presently makes available medical insurance benefits for retirees less than age 65 provided that the retiree qualifies for coverage in accordance with criteria established by Committees and pays one hundred percent (100%) of the cost of such coverage; and

WHEREAS, the insurance plans offered by the State Insurance Committee and the Local Insurance Committee presently do not make available medical insurance benefits for retirees age 65 or older; and

WHEREAS, a recent survey of health insurance plans in other States revealed that all States but three provided some form of health benefits for retirees, with 14 States paying the full cost of such coverage and five States paying between 75% and 90% of the cost of such coverage; and

WHEREAS, recent court decisions in this area indicate that such benefits and/or employer funding of such benefits, once offered to retirees by their employer, may not be diminished or modified by the employer, thereby becoming vested in nature; and

WHEREAS, the Financial Accounting Standards Board recently released an interim accounting standard requiring entities to reveal post-retirement medical benefits offered to retirees and the cost of such benefits; and

WHEREAS, the State recognizes a need to make available medical insurance to its career employees but also recognizes that, in light of recent court decisions and proposed accounting standards, making such benefits available may result in a substantial burden to the taxpayers of the State to fund the benefits provided; and

WHEREAS, the General Assembly, prior to making decisions of this magnitude, should avail itself of all information regarding the impact and implications of providing insurance coverage to retirees; now, therefore,

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-FOURTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE SENATE CONCURRING, That the State Insurance Committee and the Local Education Insurance Committee are directed to perform a joint study of medical insurance needs of retired state employees and teachers.

BE IT FURTHER RESOLVED, that the Committees shall make a report on their findings and recommendations with such report to include the following topics:

- (a) the insurance needs of individuals retired from employment with a local education agency or the State and the current provisions for meeting these needs;
- (b) the legal implications of providing medical insurance coverage for retirees and the State funding a portion of the cost of such coverage;
- (c) the short and long term implications to the State of providing funding for an insurance plan designed to meet the insurance needs identified in (a) above;
- (d) a summary of the insurance benefits provided to retirees in other States and the methods used by other States to fund such benefits; and
- (e) such other findings and recommendations as the Committees deem appropriate.

BE IT FURTHER RESOLVED, that, in performing this study, the Committees shall solicit testimony from retiree and employee organizations in an effort to determine the medical insurance needs and desires of retirees and employees.

BE IT FURTHER RESOLVED, that the staff to the State Insurance Committee and the Local Education Insurance Committee shall assist the Committees in their study, together with any other agency of the State upon the request of the Committees.

BE IT FURTHER RESOLVED, that the Committees shall jointly report their findings and recommendations to the Speakers of each House of the General Assembly on or before January 15, 1987.

BE IT FURTHER RESOLVED, that a copy of this resolution shall be delivered to the chairman of the State Insurance Committee who shall begin the study no later than July 1, 1986.

Johnson testifies at state retiree insurance hearing

The joint study committee of the State Group Insurance and the Local Education Insurance Committees recently met to hear testimony of employee groups regarding health insurance for retired state employees.

Sandra Johnson, executive director of TSEA, attended and spoke on behalf of the more than 32,400 retired state employees who receive benefits from the Tennessee Consolidated Retirement System. Under the present system, retired employees must pay 100 percent of the state group insurance premiums up to age 65, and then purchase a different "over 65" insurance policy when

they are eligible for Medicare.

Johnson used as an example in her testimony Evangeline Stinnett, an active TSEA member. Stinnett retired after 26 years of state service to a retirement check of 370 dollars a month. Out of that check, she pays over 33 dollars a month for Blue Cross Over 65 Insurance. Nearly 10 percent of her retirement benefits go to pay insurance premiums.

"TSEA believes we owe a retiree with 26 years of loyal state service more than this," Johnson said.

Blue Cross Over 65 insurance is purely supplemental to Medicare. For example, for a routine office visit a doctor may

charge 25 dollars. Medicare would pay \$14.40 (80 percent less one percent of the cost). The supplemental insurance pays \$2.88 — 20 percent of the amount Medicare will pay. The plan pays nothing for prescription drugs, unless they are administered in a hospital.

"Is the insurance worth it? Hardly," Johnson said. "Medicare now covers less than 45 percent of the total health care costs of senior citizens, and even with this supplemental insurance, one major illness could devastate a family financially."

Thirty percent of all medical bills in the United States are accounted for by 12

percent of the population — people over 65, most of whom are on a fixed or limited income.

Twenty percent of the state's retirees are under 65, and they have a different problem. In order to be covered by the state's group insurance, they must pay 100 percent of the premiums, while active state employees pay only 20 percent.

"TSEA does not pretend to have all the answers," Johnson concluded, "but we believe state employees deserve more than this. The state should provide a better insurance plan for retirees, and pay a portion of the premiums."

continued on page 3

Retiree insurance

continued from page 1

Other groups represented at the hearing included: the Tennessee Retired Teachers Association, the Tennessee Education Association, the U.T. Faculty Senate, the U.T. Retirees Association, the E.T.S.U. faculty and staff, and the Employment Security Retirees

Association.

The joint committee is charged to report to the Legislature their findings related to insurance for retirees. TSEA will actively lobby to get any recommended program adopted for retirees and funded by the state.



COUNCIL ON PENSIONS AND RETIREMENT

Interim Agenda

- I. Study of Retirement Benefits Provided by TCRS - State Employees, Teachers and Law Enforcement Personnel
- II. Phased Retirement Program - University of Tennessee and State Board of Regents
- III. Mandatory Retirement - Wildlife Resources and Department of Safety
- IV. Peacetime Military Service Credit

COUNCIL ON PENSIONS AND RETIREMENT

Agenda

Monday, September 15, 1986
1:30 P.M.

- I. First Phase of Retirement Benefits Study
 - A. Chronological Listing of Changes in Retirement Benefits
 - B. Current Benefits Provisions
 - C. Statistical Information
 - D. Benefits Provided by Social Security

Tuesday, September 16, 1986
9:00 A.M.

- I. Phased Retirement Proposal - Higher Education
- II. Implication of Tax Reform Proposal

PHASED RETIREMENT

STATEMENT OF PURPOSE

The following statement is presented by The University of Tennessee to describe a faculty staffing problem that is confronting many of America's colleges and universities. It is also intended to set forth a proposed plan of action which the University wishes to pursue in an effort to avoid the potentially adverse effects of this problem on the quality and cost of public higher education in Tennessee.

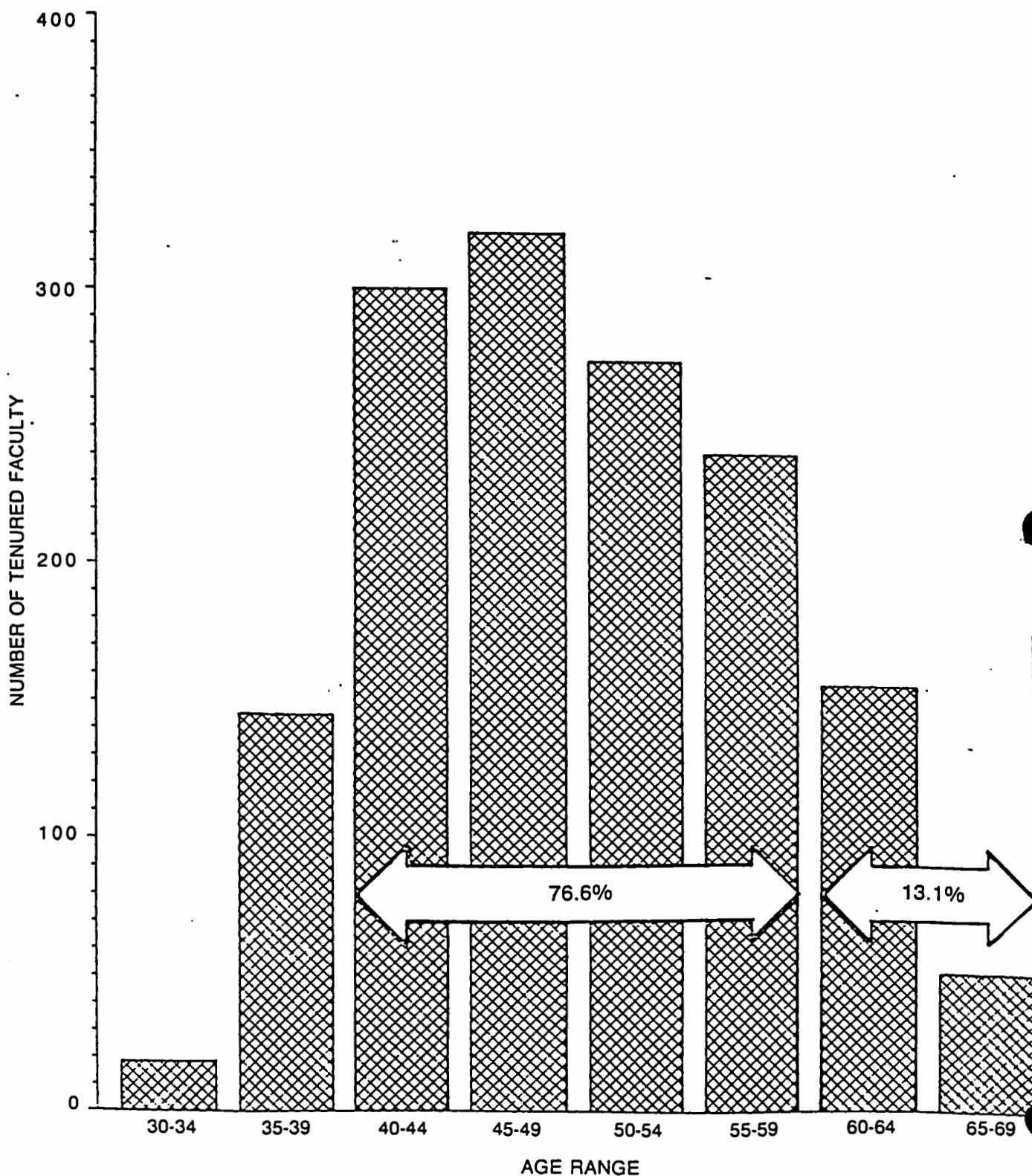
BACKGROUND AND STATEMENT OF THE PROBLEM

The problem which is discussed here stems primarily from the fact that during the 1960s and 70s it was necessary for higher education institutions to add large numbers of new faculty to serve the rapidly growing student population. Today, however, the unprecedented growth of the previous two decades has ceased and colleges and universities are, at best, confronted with a stable student population. As a result of this more or less steady-state situation, there has been a marked decline in the number of jobs available for faculty and no longer is it possible for faculty members to move with ease from one institution to another within the academic community. This decline in available positions has, in turn, caused many faculty members to remain with the institutions where they were initially hired. Consequently, colleges and universities throughout the country are now witnessing a steady increase in the median age of their faculties, and it is this increase in the average age of the faculty that causes concern for the future on the part of both academic and administrative officials.

It is important to note here that this problem would be of little concern if it existed only at The University of Tennessee. The concern now being expressed by college and university leaders throughout the country arises from the fact that similar situations exist in many institutions and together they pose a problem which should not be ignored.

The chart on page 2 is provided to illustrate the problem as it exists at The University of Tennessee. In May 1986, approximately 77 percent of the University's more than 1,500 tenured faculty were between 40 and 59 years of age, whereas only about 13 percent were 60 years old or older. This situation, together with a mandatory retirement age of 70 and no evidence of foreseeable increases in enrollments to create a demand for new faculty, means that in the next few years there will be relatively few faculty openings to which new younger faculty members may be appointed. Although this decline in the rate of retirement among the faculty is of concern, it is more important to note that this period of little turnover

THE UNIVERSITY OF TENNESSEE
FULL-TIME TENURED FACULTY
MAY 1986



will be followed by a much longer period during which there will be significant increases in the demand for new faculty. In fact, the demand for new faculty may increase so dramatically during this period that it may well surpass the supply of younger individuals who are qualified to fill faculty positions. The consequences of such an imbalance between supply and demand would be most vividly reflected in increases in the cost of a college education as a result of having to pay inflated salaries to hire faculty whose services are in high demand.

In addition to concern over the possible adverse impact of this problem on the cost of a college education, there is also concern regarding the potentially detrimental effect it may have on the qualitative aspects of higher education. This is due largely to the fact that while young faculty with their fresh ideas and high energy levels are vital elements of a dynamic institution, older faculty provide the balance needed for stability. In this manner the two groups complement one another, providing a whole that is greater than the sum of its parts and ensuring that the institution remains a vital force within its community and the society at large. Consequently, it is the contention of the University - and one which is held throughout the higher education community - that an essential element in maintaining academic quality is stability in the faculty turnover rate. By maintaining a reasonably steady outflow of retiring faculty and inflow of new faculty with as few peaks and valleys as possible, the institution can maintain that degree of stability essential to achieving excellence in its instruction, research, and public service activities.

For these reasons and given the situation at hand, it is important that institutions such as UT begin now to adopt incentives to encourage faculty, who otherwise might not consider retiring for five to ten years, to retire early. It is only through such incentives that it will be possible to mitigate the dramatic fluctuations in faculty turnover rates which will occur in the relatively near future. As for specific inducements designed to address this problem, the most promising to date are those measures commonly referred to as phased retirement plans.

PHASED RETIREMENT: WHAT IS IT AND WHO IS USING IT?

UT is not alone in its concern regarding the potential problem of an aging faculty. Evidence of this is seen in the fact that several highly regarded institutions have already adopted phased retirement plans designed to encourage older faculty to retire and thereby open positions to which new younger faculty may be appointed. Several of the institutions with active phased retirement plans are listed on page 4. Although the phased retirement plans of these institutions differ with respect to specific features, all are based on the same underlying general concept.

LAND-GRANT INSTITUTIONS
WITH PHASED RETIREMENT PROGRAMS

University of California

Cornell University

Iowa State University

Michigan State University

The University of Minnesota

University of Nebraska

University of New Hampshire

University of Nevada

Utah State University

Briefly stated, a phased retirement plan is a means for allowing individuals to ease, or phase, into retirement by reducing gradually, over a number of years, the percent of time they are employed. The following table is provided to show one of the ways an individual's retirement phase-in might be scheduled.

<u>Year</u>	<u>Percent of Time</u>	
	<u>Employed</u>	<u>Retired</u>
First	75%	25%
Second	75%	25%
Third	50%	50%
Fourth	50%	50%
Fifth	25%	75%
Sixth	25%	75%

In 1983, Dr. Katherine High of The University of Tennessee conducted a nationwide study of phased retirement plans in use by public land grant institutions. Based on the results of this study, Dr. High concluded that although the phase-in schedule is an integral part of the phased retirement plan, the real measure of the success of such programs is revealed in how effective they are at allowing a person to enter retirement gradually without suffering a serious financial setback. While there is no generally accepted best way to accomplish this objective, there are a number of things that can and are being done to soften the impact of a reduction in income. One solution is to allow faculty who enter into a phased retirement agreement to continue receiving the more significant employee benefits. For example, some plans allow faculty who are phasing into retirement to continue participation in the group insurance program and continue receiving any pay supplements the institution may offer, such as the longevity pay which is available to faculty in Tennessee. Some phased retirement plans also permit faculty to delay settlement of their retirement annuities and continue to receive service credit during their retirement phase-in period. An alternative is to allow faculty to settle their retirement annuities when they begin their retirement phase-in and thereby offset somewhat the reduction in earnings. However, since early settlement of annuities results in forfeiture of creditable service during the phase-in period, plans which allow early settlement often offset the reduction in retirement benefits by paying a portion of the salary savings each year into a separate retirement annuity (SRA).

In addition to these key features of the more successful phased retirement plans that are in effect in public land grant institutions, there are a number of other inducements which seem to ensure further the success of such programs. Some of these inducements are as follows:

1. Continued accrual of sick and annual leave on a pro rata basis according to percent of effort.
2. Continued eligibility to receive salary increases on a pro rata basis.

3. Continued benefits with respect to educational assistance, parking privileges, use of educational and recreational facilities, and other less significant perquisites.

PROPOSED COURSE OF ACTION

Because the problem described herein endangers the quality and cost of higher education in Tennessee, it is the proposal of the administration of The University of Tennessee that the initial steps set forth below be taken.

1. Begin immediately to discuss with the Director of the Tennessee Consolidated Retirement System (TCRS) and members of his staff possible solutions to this problem, including the feasibility of implementing a phased retirement system at The University of Tennessee.
2. Jointly review with the TCRS staff current State laws on retirement and compensation to determine how such laws may affect desired courses of action and the extent that such laws might have to be amended to permit implementation of remedial measures.

ACTION REQUESTED OF THE COUNCIL ON PENSIONS AND RETIREMENT

The problem presented herein constitutes a very real threat to both the quality and cost of higher education in Tennessee and must be dealt with well prior to the time that large numbers of faculty begin retiring. Therefore, The University of Tennessee respectfully requests that the Council on Pensions and Retirement approve the initial course of action outlined above with the understanding that the University will take no further steps toward implementation of a phased retirement program without the approval of the Council and other State authorities as may be appropriate and with the understanding that the University, at the end of one year, will report back to the Council with a recommendation regarding further remedial action.

September 1986

EAST TENNESSEE STATE UNIVERSITY FACULTY SENATE FINANCIAL REPORT

Budget Categories and Items	Budget 1986-87	Expenses August 1986			Total Expenses To Date 8-31-86	Remaining Balance 8-31-86
I. Travel (3009) In-state travel (3150) Encumbrances	\$2090.00	\$127.00 252.00			\$127.00 410.00	\$1553.00
II. Operating Expenses (4000) Duplication-Off Campus (4140) Printing by E.T.S.U. (4110) Telephone (4210) Data Processing (4420) Supplies (4500)	2100.00	58.00			141.00	1959.00
III. Scholarships-RWSP (1410)	1000.00	117.00			117.00	883.00
Totals	\$5190.00	\$554.00			\$795.00	\$4395.00
Respectfully submitted, <i>Gordon W. Ludolf</i> Gordon W. Ludolf Treasurer October 6, 1986						