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1987 April 20 - Faculty Senate Agenda and Minutes

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East Tennessee State University
Box 23534A • Johnson City, Tennessee 37614-0002

*Exec
Comm
Mtg
Ru 220 3:30
4/27*

AGENDA

FACULTY SENATE MEETING

April 20, 1987

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

- I. CALL TO ORDER
- II. APPROVAL OF PREVIOUS MEETING MINUTES *March 16, 30*
- III. TREASURER'S REPORT
- IV. ANNOUNCEMENTS
Board of Regents Conference
Final Tenure Program Guidelines
- V. SCHOOL OF NURSING FACULTY CONCERNS - Linda Kerley
Itemized agenda to be distributed at meeting
- VI. COLLEGE OF BUSINESS FACULTY CONCERNS - Gordon Ludolf
Itemized agenda to be distributed at meeting
- VII. ADJOURNMENT

Carol Norris
P. O. Box 22450A

APR 16 1987



East Tennessee State University
Box 23534A • Johnson City, Tennessee 37614-0002

MINUTES OF THE APRIL 20, 1987 FACULTY SENATE MEETING

ANNOUNCEMENTS

President Fisher called attention to the hand-out (#1) dealing with the "Proposed Tenure Policy Change on Student Evaluation of Instruction" and the "ETSU Faculty Senate Proposal". Margaret Hougland stated that the Academic Council had accepted most of the Senate's recommendations for the policy. (The Council did not accept an automatic granting of one more year to those who withdraw applications for tenure in the sixth year.)

Fisher announced that a letter suggesting involvement in this tenure policy change had been sent to the ETSU SGA from the student representative of SBR in October 1986.

Since the Academic Council had decided to continue in its work on the promotion policy changes, as well as the required tenure policy changes, the Faculty Senate Executive Committee will meet and review the changes-to-date in order to make recommendations to the Council.

Fisher reported that the Tennessee Higher Education Assembly met April 4, 1987 and covered the agenda printed on hand-out #2. Dr. Fisher is the new president of THEA. One of the items on the agenda was the change in UT and SBR standards for admission. (See hand-out #3).

Hand-out #4 is a copy of the program of the April 5-7 Board of Regents' Conference. A suggestion has been made to President Beller that in the future, ETSU attendees should meet immediately following the Conference to discuss outcomes/benefits of the meeting.

Dr. Fisher called attention to hand-out #5, a copy of an article about a state employee dental insurance plan. The plan "will be optional and 100% of the premiums must be paid by the employee". (The plan should be implemented by July 1, 1987.) Another article dealt with an early retirement incentive plan for state employees (not faculty).

Copies of an article from Academe (January-February 1987) were distributed to senators: "Faculty Pensions under the Tax Reform Act" (hand-out #6). Hand-out #7 provides a comparison of TIAA-CREF and TCRS.

Fisher reported that the Faculty Sub-Council of SBR met April 15, 1987 at TSU. (See hand-out #8 for agenda). Some of the items discussed were: Immigration Reform Act Requirements (see hand-out #9), Academic Calendar Conversion to Semester Systems, Information on Discounts for Personal Computers (hand-out #10), SBR History Requirement. Dr. Fisher had requested by letter that several personnel items be discussed (see #11, letter). One item, sabbatical leaves, is being addressed by Memphis

State and MTSU (not under the name sabbatical, however). David Close raised the question about the method of paying for sabbaticals and Dr. Fisher suggested that we get in touch with these two schools for answers.

Dr. Fisher reported that there is a public notice of invitation to bid on the J.C. Family Practice Center (hand-out #12).

Fisher announced that THEC will meet April 24 for a discussion of the five-year plan. John Taylor noted that THEC is in the process of encouraging "faculty renewal" and therefore, perhaps sabbaticals.

CALL TO ORDER

The meeting was officially called to order at 3:55 p.m. when a quorum was met.

APPROVAL OF MINUTES

The minutes of the March 16 and March 30 meetings were approved by voice vote. (The minutes of the March 9th meeting were approved with corrections at the March 30th meeting, a fact not noted in the March 30th minutes.)

Dr. Fisher announced that a letter is being sent to all faculty to offer a "free subscription" to the minutes for those who want them.

TREASURER'S REPORT

The report (hand-out #13) was approved by voice vote. Gordon Ludolf noted that travel funds were low. Dr. Fisher suggested that the Senate ask for more funding for travel for next year because of meetings taking place in Memphis. Fisher also announced that the Senate had purchased WordPerfect, word processing software.

REPORT BY DEAN SPRITZER

Dean Al Spritzer was asked to report on the recent accreditation of the College of Business at the undergraduate and graduate levels by the American Assembly of Collegiate Schools of Business. He noted that 26 schools had applied - 19 new applications and 7 deferrals (ETSU was one). Ten schools received accreditation. The reaccreditation process will occur in six years.

Dean Spritzer observed that developments in the College included a more active faculty advisory council and increased research activity. He reported that a bibliography of articles (books, etc.) produced by the College faculty included 362 items since 1984, including 75 articles in refereed journals.

Spritzer stated that the honor of accreditation was shared with the entire university; it is an indication that ETSU is one of the leading regional institutions. The question was asked about whether there was pressure to hire and keep faculty who are researchers rather than teachers. Spritzer answered that the College recruited those who were good at both activities.

Dr. Fisher noted that the accreditation would bring financial rewards to the university.

SCHOOL OF NURSING FACULTY CONCERNS

The School of Nursing faculty had compiled a list of thirteen items for concern. Richard Verhegge presented the list and elaborated on some of the items. (See hand-out #14).

1. Regarding the moratorium on new master's programs in nursing by THEC, the Nursing faculty questioned the currency of the studies THEC had cited. The School is planning to do a needs survey. (See hand-out #15).
2. The student evaluation tool is not adequate for nursing faculty whose classes are at least half clinical in nature. Margaret Hougland suggested the School write a rough draft of an evaluation tool which would be more appropriate. The Ad Hoc Committee on the FAP/FAR/FAE process will be holding an open meeting for faculty to suggest changes.
3. Many nursing faculty do not have their own offices; the school is housed on three floors in between other areas. Bringing the A.D. program here from Bristol caused some of the overcrowding.
4. Monitoring phone calls - incredible! No further comment.
5. The School had received a letter from the bookstore admitting some mistakes in cutting back orders, according to Verhegge. The comment was made that computerization is still badly needed in the Bookstore.
6. Parking is especially a problem to Nursing faculty who return to the campus from clinical facilities.
7. Dental insurance (question answered by hand-out #5).
8. In answer to the question about why there are two histories required as part of the general education core, John Taylor said that American History is required by Tennessee law. Linda Kerley suggested that students who have already had American History in high school could take a CLEP test.
9. The School of Nursing has guidelines for tenure/promotion in addition to the general university guidelines. The Nursing faculty wondered whether the School might be requiring more than is necessary, although Verhegge stated that at least new faculty have good knowledge from the beginning about what is expected. Dr. Fisher suggested that all Colleges and Schools let the Faculty Development and Evaluation Committee know whether they have additional guidelines.
10. Are different criteria being used to tenure Deans in faculty positions? Several expressed concern about this. It was the general opinion that this and other questions should be discussed further.
11. The cancellation of classes at 6:15 a.m. because of snow is already too late for a large number of faculty and students who must drive to clinical facilities.

12. A study had been done by the Nursing faculty on salary discrepancies. Linda Kerley has specific cases. For example, one associate professor makes about \$7700 less than three other faculty members with the same qualifications. Dr. Fisher stated that the problem has existed for a long time and the nursing faculty are commended for their attention to it.
13. Nursing faculty feel that not enough funding is allotted to them for photocopying. There is no coin-op facility in the School.

COLLEGE OF BUSINESS FACULTY CONCERNS

Al Lucero presented concerns about the faculty evaluation process. These included the misuse of student evaluations; the lack of objective criteria for measuring effectiveness in teaching, research and service; inadequate feedback to faculty members by chair, dean, and Vice-President of administrative decisions on evaluation results; lack of suggestions or guidance for improvement; the need for an organized collegiate evaluation program and process. Lucero suggested that the weight of student evaluations be minimal; that criteria spell out the quantity of articles, how many committees, weight given to grants, etc., that copies of FAPs/FARs/FAEs be returned.

Gordon Ludolf discussed concerns about academic programs. These included the inconsistent standards and lack of effective measuring devices for student competency and proficiency, the students' lack of communication skills, library acquisitions, future emphasis on teaching rather than research, and inadequate summer school budget.

There is particular concern about the students' writing abilities. Anne LeCroy stated that students must do a certain amount of writing in freshman English, but this may not be reinforced in other classes. Also, the type of writing desired in business classes is not necessarily taught in English classes. Katherine Dibble reminded the Senate of the Ad Hoc Writing Across the Curriculum Committee which (after sponsoring a workshop conducted by an expert in the field) had suggested a university writing center staffed by a director and assistants. It was noted that support for such a program must come from the top. It was also suggested that faculty who do require a lot of writing are not given credit by departments or are avoided by students.

Steb Hipple mentioned the concerns about the "housekeeping environment". The climate control and pollution in the Business building are problems. Furniture and equipment are in many cases in bad condition. There are several concerns about the computer labs. Business faculty also expressed concerns about parking.

(See hand-out #16 for more detail)

ADJOURNMENT

The meeting was adjourned at 5:10 p.m.

Respectfully submitted,

Carol B. Norris

Carol B. Norris, Secretary

Faculty Senate Meeting
April 20, 1987
Attendance Record

Senators Present

Greg Bishop
David Chi
David Close
Carole Connolly
Katherine Dibble
Don Ferguson
William Fisher
Lester Hartsell
F. Steb Hipple
Margaret Hougland
Linda Kerley
Arne LeCroy
Al Lucero
Gordon Ludolf
Carol Norris
James Pleasant
Carol Pullen
John Stone
Bob Stout
John Taylor
Richard Verhegge
Frederick Waage
Betsy Williams
Eduardo Zayas-Bazan

Senators Absent

Mark Airhart
Peggy Cantrell
Glenda DeJarnette
Betty Edwards
James Fields
Pat Flaherty
Don Jones
Ruth Ketron (excused)
Joseph Mattson
Paul Monaco
Karen Renzaglia
Mitch Robinson
Etta Saltos
Bob Samuels
Gwen Thomas
Paul Walwick

Guests

Suzy Gilbert
Dean Allan D. Spritzer

Carol Norris
P. O. Box 22450A

APR 30 1987

PROPOSED TENURE POLICY CHANGE

Student Evaluation of Instruction

An amendment to the SBR Policy 5:02:03:00 was approved by the State Board in a meeting at Memphis State Tech on September 19, 1986, to be effective as of the 1987 - 88 academic year. That action requires all institutions in the SBR system to include a section involving the tenuring of faculty members which specifies the following three aspects relating to the student evaluation segment in that process.

1. types and frequency of student evaluation
2. the uses of student evaluation in the tenure review process
3. a description of the provisions which are made for insuring a student advisory role in defining the uses of such student evaluations

Such an institutional policy statement is scheduled to be in the hands of the Vice Chancellor of Academic Affairs, Dr. Bert Bach, by no later than Friday, May 15, 1987. These then may be reviewed and considered at the Presidents' Council meeting on Tuesday, May 19, 1987, prior to being presented at the SBR meeting on Friday, June 26, 1987.

ETSU Faculty Senate Proposal

1. In addition to any evidence that the candidate might choose to provide, the candidate must furnish student assessments of instruction drawn from at least two classes for each fall and spring semester of the preceding two years. These student assessments should be representative of a variety of classes that the candidate has taught rather than being from one course only. A university approved assessment instrument will be used for this purpose.

2. These student assessments must be included with all applications for tenure and will be considered as one important source of information concerning effective teaching, although not the only one. A separate peer assessment of teaching effectiveness will also take place. This will include a review of student evaluations with consideration given to the type of courses involved. For purposes of this review candidates should include additional items such as course syllabi, study materials, assignments, information on assessment and grading practices, classroom observation by peers and any other relevant information. Conditions relating to the candidate's responsibilities should also be considered. All of these factors will be used in order to obtain a comprehensive view of the candidate's teaching effectiveness.

3. Proposed changes in the process for student evaluation of instruction will be submitted to the ETSU Student Government Association for consideration and reaction. The Student Government Association will review the evaluation process on a regular basis and will bring their questions, concerns and suggestions to the Faculty Senate and the Academic Council.

March 30, 1987

TENNESSEE HIGHER EDUCATION ASSEMBLY

Saturday, April 4, 1987
Downtown Campus, Tennessee State University
Meeting Room 353

- 9:00 - 9:30 Registration - Main Entrance Lobby
- 9:30 - 10:30 1989 Freshmen Student Admission Standards and Course Requirements
UT System Standards
SBR System Standards
- 10:30 - 11:30 Campus Faculty Development Considerations
 - a. Released or reduced load provisions
 - b. Teaching effectiveness programs
 - c. Student retention programs
- 11:30 - 12:15 Business Meeting Agenda Items
 - a. Approval of the October 25, 1986 minutes
 - b. Fall meeting - Date - Place - Program Items
Saturday October 17, 1987 - MTSU Murfreesboro
Faculty Liability Coverage and Faculty Handbooks
 - c. Organization Name Change Consideration
THEA - TENNESSEE HIGHER EDUCATION ASSEMBLY
THEA - TENNESSEE HOME ECONOMICS ASSOCIATION
 - d. Election of 1987 - 88 officers
President --- SBR System
President Elect --- UT System
Secretary - Treasurer
Board of Directors
UT System Representative
SBR System Representative
Community College Representative
Technical Institute Representative
- 12:15 - 1:15 Lunch - "Dutch Treat" Sandwich - drink - dessert - price \$5.25
Building Meeting Room 312
- 1:15 - 2:15 General Benefits - Faculty and Staff
 - a. Survivors Benefits
 - b. Discounts
 - c. Cultural Activities
 - d. Emeritus Status
 - e. Athletic Events
- 2:15 - 3:00 SBR Student Evaluation Tenure Awarding Component
Local campus policy statement deadline - May 15, 1987
Please bring your institutional statement
Example: ETSU statement attached
- 3:00 - 4:00 Retirement Law Change Possibilities
January 1, 1989 deadline for comparable Tennessee programs

● How do high school courses affect admission to college?

IMPORTANT INFORMATION ABOUT STATE BOARD OF REGENTS INSTITUTIONS NEW ADMISSIONS POLICIES EFFECTIVE FALL, 1989

If you are thinking about attending a university or community college governed by the State Board of Regents (SBR) following high school graduation, there are some new admissions policies that you need to understand. If you are now a ninth grader, you should graduate from high school in the spring of 1989. Beginning with the fall, 1989 term:

- All SBR universities will require that undergraduate freshmen have the high school subject units listed below for regular admission.
- All SBR community colleges will recommend, but not require, the same subject units for freshmen admitted to programs designed for transfer to baccalaureate schools. Students admitted without these subjects must remove the deficiencies with college courses, for elective credit only, before receiving an associate degree.

<i>Subject Area</i>	SBR REQUIRED	UT UNITS
English	4	4
Visual and/or Performing Arts, including a survey course or participation in one or more of the arts (music, dance, theatre, visual arts)	1	0
Algebra I and II	2	2
Geometry or other advanced math course with Geometry as a major component	1	1
Natural/Physical Sciences, including at least one unit, with lab, of biology, chemistry, or physics	2	2
Social Studies, including history, government, geography, sociology, psychology, economics, or anthropology	1	1
United States History	1	1
A single Foreign Language	2	2
	14	13

In addition to these, an additional unit in the arts, in mathematics, and in foreign languages is recommended. Different requirements may exist for some freshman applicants (e.g., GED, early admission, international students, or students who graduated from high school more than five years prior to applying for college admission). Applicants who attended high schools not offering the required courses may be admitted to a university, but must remove the deficiencies during the first 64 semester (or 96 quarter) hours. Transfer students must remove any deficiencies prior to regular admission. Courses required to remove deficiencies can be used to satisfy elective credit only.

Undergraduate Council
July 17, 1986

In order to be admitted to UTK freshmen applicants must meet the following criteria.

Tennessee Residents:

1. High School GPA of 2.75 or greater (on a 4.00 scale) and report of test scores; or
2. High School GPA of 2.40 or greater, and ACT composite score of 15 or more (composite SAT of 700); or
3. High School GPA of 2.00 or greater, and ACT composite score of 18 or more (composite SAT of 780).

If the high school GPA is less than 2.00 and the ACT composite score is less than 12 (composite SAT of 600), admission is denied.

Any combination of High School GPA and composite test scores not listed above will be reviewed by the Campus Admissions Review Committee. Any applicant in this category will be notified by the Admissions Office and will have the opportunity to submit additional information in writing prior to an admissions decision. Factors other than test scores and grade point average such as the type of courses taken in high school, the pattern of grades, other activities and career goals are considered by the committee.

Out-of-State Residents:

1. High School GPA of 2.25 or greater, ACT composite score of 18 or greater (composite SAT of 780).

If the high school GPA is less than 2.25 and the ACT composite is less than 18 (composite SAT less than 780), admission is denied.

An out-of-state applicant who is denied admission because either the ACT composite score is below 18 or the HSGPA is less than 2.25 may make a written appeal of the decision to the Director of Admissions.

Admission Requirements - UTK

Tennessee residents will be admitted automatically if they meet the following criteria:

1. High school GPA of 2.75 or greater (on a 4.00 scale) and a minimum ACT composite score of 15 (minimum SAT composite of 700); or

2. High school GPA of 2.40 to 2.74, and a minimum ACT composite score of 17 (minimum SAT composite of 750); or

3. High school GPA of 2.00 to 2.39 and a minimum ACT composite score of 19 (minimum SAT composite of 810).

If the high school GPA is less than 2.00, admission is denied.

Any combination of high school GPA and composite test scores not listed above will be reviewed automatically by the Campus Admissions Review Committee. Any applicant in this category will be notified by the Admissions Office and will have opportunity to submit additional information in writing prior to the admissions decision. The admissions decision takes into account all available information, e.g., high school grades, ACT/SAT scores, recommendations from the principal/guidance counselor, leadership qualities, exceptional talents, accomplishments, career goals, and personal qualities. The most important of these is the high school record.

Any applicant who is denied admission may make written appeal to the Director of Admissions.

Out-of-State residents must meet the following criteria:

1. High school GPA of 3.00 or greater (on a 4.00 scale) and a minimum ACT composite score of 15 (minimum SAT

Sunday, April 5, 1987

REGISTRATION - Hyatt Regency Hotel
Ballroom Foyer

GENERAL SESSION I - Hyatt Regency Hotel
Ballroom

Monday, April 6, 1987

Tennessee State University

GENERAL SESSION II - Room 358

CONCURRENT SESSIONS (10:15 - 11:45)

- Room 354 1. Outcomes Assessment
- Room 353 2. Using Benchmark Performances in Teaching, Learning and Assessment
- Room 318 3. Institutional Effectiveness: A Clarification of Expectations
- Room 314 4. A Statewide Comprehensive Outcomes Assessment Program
- Room 310 5. Assessing Academic Readiness for College
- Room 308 6. The Liberal Arts: Impact on Student Development Outcomes
- Room 307 7. How to Use Experiential Learning in Awarding Credit
- Room 309 8. Computerized Assesment for Placement and Measures of Student Progress
- Room 305 9. Assessing the Higher Aims of Higher Education: Possibilities for Faculty Renewal and Community
- Room 319 10. Retention of Minority Students: One Form of Academic Assessment

LEADERSHIP WORKSHOP I - Room 320

GENERAL SESSION III - Room 358

GENERAL SESSION III - Room 358

CONCURRENT SESSIONS (2:15 - 4:00)

- Room 354 1. Assessment Begins in the Classroom: Using Instructor Prepared Examinations to Enhance Learning Outcomes
- Room 353 2. Evaluation in Teacher Education
- Room 318 3. Assessment of Programs in the Arts
- Room 314 4. Using Faculty Evaluation Data to Improve Teaching
- Room 310 5. Assessing Library Capabilities
- Room 309 6. Enriching Comprehensive Writing Programs Through Assessment
- Room 308 7. Using College Outcome Data in Evaluating General Education
- Room 307 8. Uses of Assessment Information by Postsecondary Institutions in Tennessee
- Room 305 9. Assessing Student Performance in Science: Lessons from the Pre-College Experience
- Room 319 10. New Tools for Higher Education Assessment

LEADERSHIP WORKSHOP II - Room 320

Tuesday, April 7, 1987

GENERAL SESSION IV - Room 358

Dental plan nears reality

The long-awaited state employee dental insurance will be available by July 1, 1987, according to the Commissioner of Finance and Administration, David Manning.

At their last meeting, the State Insurance Committee approved a tentative Request for Proposals to be sent to state insurance companies who will be invited to bid on the program. According to director of the State Group Insurance Committee staff, Richard Chapman, the final draft of the RFP has been sent to the Insurance Committee members for their final approval. The document should be ready to send to the insurance companies by the first of April.

"I am afraid a lot of people think the dental program will be better than it will be — without state funding there are limits to the kind of program we can offer," Manning said.

Chapman had no comment on his opinion of what the proposals from the insurance companies would include, but he did indicate

that the Request for Proposals offers extra points to companies who can exceed the standards the RFP requires.

"We are not in quite the same position as we usually are in the bidding for other state insurance programs. We cannot assure the bidders how many employees will participate, because with the full premium being paid by the employee, many may choose not to participate," Chapman said.

"That puts us in a less advantageous position as far as getting good bids. But we developed a RFP that will, we hope, encourage companies to bid on this — that is what we want," Chapman said. "We are trying to move as quickly as possible."

A TSEA lawsuit to require the state to enact the dental insurance program was postponed when the State Group Insurance Committee finally approved the Request for Proposals. TSEA has no further plans to sue if the plan is enacted by July 1.

The law states that a dental insurance program must be available to state employees by July 1, 1986. The State Insurance Committee is responsible for requesting bids and implementing the program — a process that was not begun until it was too late to meet last year's July 1 deadline.

The proposed dental insurance plan will be optional and 100 percent of the premiums must be paid by the employee. The premium on this group plan is expected to be lower than on private dental insurance plans.

Editor's note:

Editor's note: At press time, TSEA learned that the RFP was approved and the contract for the dental insurance program will be let in May and implemented in July.

Retirement incentive proposed

In an effort to save the state money, the McWherter administration has proposed an early retirement incentive plan to encourage employees who are eligible to retire to do so. The plan must be approved by the Council on Pensions and Retirement, and at press time it was scheduled to be heard on Monday, March 30.

The plan would give employees who have thirty years of service, or who are sixty years old and have at least ten years of service, a \$2000 bonus and their next year's longevity pay when they retire. The monthly pension amount the retirees are entitled to would be unchanged.

The plan also allows employees who are fifty-five years old and who have twenty-five years of state service to take advantage of the bonus and extra longevity pay. However, these employees will have to take a penalty in the amount of monthly pension they receive.

There are other early retirement incentive plans proposed, and TSEA will keep you informed as they develop.

Faculty Pensions under the Tax Reform Act

ALFRED D. SUMBERG

For colleges and universities, the Tax Reform Act of 1986 reflects a philosophy that differs sharply from previous tax legislation. The 1954 Code protected the tax-exempt status of colleges and universities, stimulated generous tax-deductible contributions of money and property, encouraged the awarding of tax-free scholarships and fellowships to students, and provided employees with opportunities for tax-sheltered pensions and other fringe benefits. The 1986 Act, however, equates the non-profit and profit-making sectors and converts the flexibility permitted to the nonprofit sector into the rigidity imposed on the profit-making sector. Now, viewed as a major American industry, colleges and universities are losing many hard-won advantages of the past several decades.

For faculty, the most visible change is reflected in the pension provisions of the 1986 Act. With respect to pensions, as with other aspects of the 1986 Act, faculty lose several special privileges which they have previously enjoyed. Congress has revised pension provisions for nonprofit and for profit-making employees alike, seeking to further three purposes. First, it wants to tighten restrictions on the exploding private pension system that has emerged since the enactment of the 1954 Code. With private pension plans holding an estimated \$1.4 trillion in assets in 1985, Congress wants contributions to all tax-sheltered pension plans, including 403(b) plans, to be used solely for pensions rather than for temporary tax-sheltered savings. Second, it wants to assure that tax-sheltered pension plans are "nondiscriminatory," in the sense that they benefit lowly and moderately compensated employees on an equal footing with highly compensated employees. To eliminate alleged abuses, Congress has moved to toughen the restrictions on all pension plans and to create uniform nondiscrimination requirements. Third, as part of a larger effort to discourage early retirement prior to the normal retirement age of sixty-five, it wants to discourage the use of the tax law as an incentive for early retirement.

Of special importance for faculty pension plans is the institution of nondiscrimination requirements, designed to prevent preferen-

ALFRED D. SUMBERG is associate general secretary and director of government relations of the AAUP.

tial treatment of highly compensated employees. The potential impact of these requirements may be clarified by a brief look at the history of faculty pension arrangements. In 1942, when the nation's employers found they had to offer new or expanded fringe benefits rather than salary increases to employees as a result of wartime wage controls, Congress approved tax legislation that regulated the type of employee pension, profit-sharing, and stock-bonus plans that qualified for favorable tax treatment. The 1942 law imposed rigid requirements in order to prohibit discrimination under the plans in favor of officers, stockholders, and highly compensated employees. Under the 1954 Code, the 401(k) plans (cash or deferred arrangements) became the most popular qualified plan. (Qualified plans are those that are required to meet all the tests provided under Section 401(a) of the Internal Revenue Code.) In 1958, as the number of faculty in higher education increased, Congress approved tax legislation that established minimal rules for the tax-deferred status of pension programs for employees of the nonprofit sector, specifically the employees of school districts, independent schools, colleges and universities. These nonqualified plans became known as Section 403(b) tax-sheltered annuities. (Nonqualified plans are not required to meet all of the tests applied under Section 401[a].) The great majority of faculty pension plans, including TIAA-CREF and SRA plans, fall into this category. The 1958 law encouraged flexibility in the development of pension plans for educational employees. As a result, it did not include the restrictive nondiscrimination provision of the 1942 law. Now in the 1986 Act the 401(k) and 403(b) plans will be subject to the same nondiscrimination requirements. A heavily augmented nondiscrimination provision, based on the experiences of the profit-making sector since 1942, has been imposed on the nonprofit sector in the belief that flexibility over the past three decades has permitted discrimination in favor of "highly compensated" K-12 teachers and college and university faculty. Implementation of the new requirements may require major restructuring of institutional pension and retirement plans.

The potential impact of the new nondiscrimination requirements is devastating for faculty. The faculty's pension program is central to institutional vitality, and its ability to survive in a form that serves the mutual interests of both faculty and institution is now in question. At the rare institution

“With respect to pensions . . . faculty lose several special privileges that they have previously enjoyed.”

where all employees—including faculty and staff alike—participate in a single plan equally, there should be minimal problems. But most institutions have complex pension programs involving different plans for different categories of employees. Each plan may have its own requirements and each may have a different impact on the individual's decision to retire. The starkest scenario that looms on the horizon involves the large public university at which faculty and academic administrators have a TIAA-CREF option and the remainder of the university's employees participate in a state retirement system that has a defined benefit (or a Section 457) plan. The TIAA-CREF retirement plan includes a salary reduction agreement and permits maximum tax-deferred contributions currently permitted for 403(b) annuities and defined contribution plans. It also permits “catch-up” contributions for those who contributed less when they earned much less. Faculty are vested immediately. They may contribute under the salary reduction agreement to a supplementary retirement account, from which they are permitted to withdraw funds without penalty. If they take a sabbatical or accept a visiting professorship they may continue to contribute to their TIAA-CREF account. If they leave the university their TIAA-CREF plan accompanies them intact. If they decide to retire early their annuity is available to them in several options. The state retirement plan, on the other hand, is likely to deny these options to all other nonfaculty employees of the university.

As of January 1, 1989, the central question will no longer be whether the faculty plan provides adequate retirement benefits. The new question is whether or not it discriminates in favor of highly compensated employees. The answer will depend upon application of the new nondiscrimination tests for coverage, vesting, contributions, benefits, and perhaps Social Security integration to all of the employees of the institution. Does the faculty plan meet all of the tests? Then it will be necessary to apply the new aggregation and comparability rules to both types of plans: Again, does the faculty plan discriminate in favor of highly compensated employees? Given the inevitability within our institutions that faculty members and administrators will make up the highly paid group, can we avoid the conclusion that a given plan is constituted in a form designed to protect the particular interests of faculty and administrators? Based upon test results, a board of regents may determine that the

institutional pension program is either currently discriminatory or potentially discriminatory, and may require that faculty abandon the TIAA-CREF option and join the state retirement system. Similar changes may occur in other types of institutions, both public and private.

As we review the new law, we will see that virtually all aspects of faculty pension plans are affected. The transition period begins on January 1, 1987, when new restrictions are applied to the level of contributions, to early withdrawals, to access to IRAs and 401(k) plans, and to forward income averaging. On January 1, 1989, early withdrawals will be prohibited and a mandatory minimum distribution requirement will go into effect. Nondiscrimination requirements will be applied to Section 403(b) plans and a set of procedures will be in place to test the comparability of multiple plans.

Effective January 1, 1987

1. Section 403(b) plans become *de facto* qualified plans subject to most of the restrictions applied under Section 401(a). Some restrictions will be applied to 403(b) plans immediately while others, particularly the new nondiscrimination requirements, will become effective on January 1, 1989. Fewer changes will be required for Section 457 plans, which are nonqualified plans, currently established by some state and local governments, but rules currently applied to Section 457 plans will now be applied to all tax-exempt employers.

2. Maximum employee contributions to Section 403(b) plans will be immediately reduced, but new limits on employee and employer contributions will be tied to the Consumer Price Index (CPI). Currently, three factors determine contributions to tax sheltered plans: (1) the calculation of the employee's contribution by using current compensation, the number of years in the current plan, and previous contributions by the employer; (2) because 403(b) plans are normally defined contribution plans the overall contributions of employees and employers are limited to the lesser of \$30,000 or 25 percent of compensation; (3) Section 403(b) employees are entitled to make “catch-up” contributions beyond current limits to make up for low contributions made earlier in their careers. Under the 1986 Act the employee's contribution under a salary reduction agreement will be limited temporarily to \$9,500. The new limit will be tied

“Of special importance for faculty pension plans is the institution of nondiscrimination requirements, designed to prevent preferential treatment of highly compensated employees.”

directly to the new \$7,000 limit for 401(k) plans. When the latter rises, as a result of increases in the CPI, to \$9,500, the limit for 403(b) plans will thereafter be tied to increases in the CPI. A similar situation will affect the limit on overall contributions to defined contribution plans. The \$30,000 limit will be tied to the current limit on defined benefit plans (\$90,000). When the latter rises to \$120,000, the \$30,000 limit will be tied thereafter to increases in the CPI. Furthermore, a new “catch-up” contribution plan will permit an increase beyond the \$9,500 limit.

3. The Individual Retirement Account (IRA) will remain available, though with its applicability considerably curtailed. Faculty who are covered by a pension plan will determine whether or not they are eligible to deduct their contribution to an IRA on the basis of their Adjusted Gross Income (AGI). Married taxpayers with AGI of \$40,000 or less who are covered by a pension plan would be eligible for a maximum \$2,000 IRA deduction. The deduction would be phased out as income rises to \$50,000. A single taxpayer with AGI of \$25,000 or less who is covered by a pension plan would also be eligible for the maximum IRA deduction. The deduction would be phased out as income rises to \$35,000. There is no coordination between monies contributed to a 403(b) plan and monies contributed to an IRA. Employees covered by Section 457 plans will remain eligible for the maximum IRA deduction.

4. A new 10 percent surtax will be imposed on early withdrawals from tax-sheltered annuities. Currently, funds invested in tax-sheltered annuities are not subject to any withdrawal restrictions. Withdrawals are taxed at the same rate as other gross income. The surtax will not be imposed if: (1) the withdrawals are part of a scheduled series of periodic payments for the life or the life expectancy of the participant (or the joint lives or the joint life expectancies of the participant and the participant's beneficiary); (2) the withdrawals are distributed to an employee who has attained age fifty-five, has separated from service, and has met the requirements for early retirement under a plan that provides for early retirement at age fifty-five; (3) the withdrawals are for medical expenses that exceed the tax-deductible limits (i.e. 7.5 percent of AGI); (4) the withdrawals are made after the death of the employee; (5) the participant has attained the age of fifty-nine and one-half; or (6) the participant becomes disabled. The 10 percent surtax does not apply to amounts withdrawn from Section 457

plans. Other limited exceptions may apply in individual cases.

5. A fourth alternative catch-up contribution plan will be available to employees of teaching institutions who participate in 403(b) plans. For the current three plans, which appear to be relatively unknown to most faculty, the procedure utilized to determine the additional amounts that may be contributed will not change. The new plan, which will be available only to an employee of a teaching institution who has completed fifteen years of service and participates in a 403(b) plan with a salary reduction agreement, will permit a maximum contribution of \$3,000 above the new maximum limit of \$9,500. The procedure should be done with the assistance of the plan administrator.

6. Tax-exempt organizations and state and local governments will not be able to establish new 401(k) plans. However, the 401(k) plans established by tax-exempt organizations before July 2, 1986, or by state and local governments before May 6, 1986, may continue. These plans will be subject to the revised restrictions for 401(k) plans.

7. Ten-year forward income averaging, currently available to recipients of lump-sum distributions (i.e. payment of the entire balance), will be reduced to five years, and capital gains treatment of the taxable portion of the lump sum will be eliminated. Capital gains treatment of pre-1974 benefits (i.e., the employee's participation in the pension plan prior to 1974) will phase out over a five-year period beginning on January 1, 1987, and concluding on December 31, 1991. However, an employee who was fifty years old as of January 1, 1986, may elect to use the capital gains treatment of pre-1974 benefits, subject to a maximum tax rate of 20 percent, and disregard the five-year phase-out limitation. The new five-year forward income averaging will apply to only one lump-sum distribution that is made after the recipient has attained age fifty-nine and one-half.

Effective January 1, 1989

1. Withdrawals from 403(b) plans involving salary reduction contributions will be prohibited prior to age fifty-nine and one-half except for separation from service, death, disability, or financial hardship. The 1986 Act also amends the current prohibition on withdrawals from Section 403(b)(7) custodial accounts, from which the above excep-

“The potential impact of the new non-discrimination requirements is devastating for faculty.”

tions are taken. Therefore, the exception permitting withdrawals based on financial hardship may allow for the withdrawal of salary reduction contributions only but not the earnings on those contributions.

2. A uniform minimum distribution requirement will go into effect. It will require that all pension plans, including Section 403(b) plans, provide for a minimum distribution of benefits not later than April 1 of the calendar year following the calendar year in which the employee attains age seventy and one-half without regard to the actual date of retirement or termination of employment. The Secretary of the Treasury will issue regulations establishing the minimum amount required. If the amount distributed is less than the minimum amount required, then the employee is subject to a 50 percent surtax on the difference.

3. Nondiscrimination requirements will be applied to Section 403(b) plans. The objective is to prevent discrimination in favor of highly compensated employees. The 1986 Act applies current nondiscrimination requirements for Section 401(k) plans to Section 403(b) plans, creates new and tighter requirements for both plans, and revises Section 403(b) in order to make it conform to the new requirements. The major provisions of the new nondiscrimination requirements for Section 403(b) plans relate to coverage, participation, vesting, contributions, and benefits.

A. Coverage. Section 403(b) plans must satisfy at least one of the following coverage requirements:

1. the plan must benefit at least 70 percent of employees who are not highly compensated employees (a percentage test);
2. the percentage of non-highly-compensated employees who benefit from the plan must be at least 70 percent of the highly compensated employees who benefit from the plan (a ratio test);

3: the plan must meet both a classification test and an average benefits test. Under the classification test the plan must benefit such employees as qualify under a classification set up by the employer and found by the Secretary of the Treasury not to be discriminatory in favor of highly compensated employees. The average benefits test provides that under the plan the non-highly-compensated employees must have an average benefit percentage (i.e. the average of the benefit calculated separately for each employee in the group) that is at least 70 percent of the average benefit percentage of highly compensated employees.

Certain employees may be excluded from some or all of the tests.

The 1986 Act provides a new definition of a highly compensated employee, which will affect 403(b) plans on January 1, 1989. For our purposes, a highly compensated employee is one who during the current or preceding year received either: (1) compensation in excess of \$75,000, or (2) compensation in excess of \$50,000 and is in the top paid group (i.e. the group consisting of the top 20 percent of the employees when ranked on the basis of compensation paid during such year). In the case of a Section 403(b) plan with a salary reduction agreement, compensation does not include employer contributions.

B. Participation. Section 403(b) plans will be required to meet the new standard for minimum participation in tax-deferred plans. In order to maintain its tax-deferred status, a plan must have on each day the plan is in effect the participation of the lesser of (1) fifty employees of the employer or (2) 40 percent or more of all employees of the employer. In addition, under a Section 403(b) plan with a salary reduction agreement, all employees may elect to participate in the salary reduction agreement if any employee participates in such an agreement. The minimum amount contributed under the salary reduction agreement must be \$200.

C. Vesting. The minimum vesting standard will be revised from ten years to five years. Thus, an employee who has completed at least five years of service has a nonforfeitable right to 100 percent of the employee's accrued benefit derived from employer contributions.

D. Contributions. The 1986 Act creates a new nondiscrimination test for employer matching contributions and employee contributions under both defined contribution plans and defined benefit plans. It is the same test that will be applied to Section 401(k) plans. The test relates the contributions for highly compensated employees to the contributions for all other eligible employees. The penalty for excess contributions to highly compensated employees will be a 10 percent tax paid by the employer.

E. Benefits. The 1986 Act exempts state and local governments and tax-exempt organizations from a significant change in the maximum annual benefit available under a defined benefit plan. They will retain the previous maximum benefit of \$90,000 at age sixty-two and the benefit of \$75,000 available

"Perhaps not surprisingly, Congress has managed once again to evade its goal of simplification of the law."

for those who retire at age fifty-five. The change for all other employers requires that the \$90,000 maximum benefit be available at age sixty-five instead of age sixty-two and that benefits provided below age sixty-five be actuarially reduced.

Defined contribution plans and defined benefit plans that are integrated with Social Security will be required to meet new nondiscrimination tests.

New Rules to Determine Nondiscrimination

Besides the tests listed above, institutions will have an alternative procedure to determine whether or not their plans discriminate. New rules permitting the aggregation of multiple plans have been incorporated into the 1986 Act. In order to determine the comparability of two or more plans established by an employer, the Internal Revenue Service has interpreted those sections of the 1954 Code that required nondiscriminatory coverage, contributions, or benefits. The IRS issued Revenue Ruling 81-202 in 1981, and it has permitted the aggregation of plans and the determination of comparability among those plans. The 1986 Act modifies the formulae of Revenue Ruling 81-202 in order that it may be used under the several nondiscrimination tests and then incorporates it into the new law. As a result, it will be necessary for institutions with multiple plans to compute periodically the formulae provided under the former Revenue Ruling 81-202, as modified, and to determine the comparability of their plans.

The major provisions outlined here represent only a small portion of the new complex law that will govern faculty pension plans.

Perhaps not surprisingly, Congress has managed once again to evade its goal of simplification of the law. But the complexity of the new law should not deter faculty members and appropriate faculty bodies from assuming responsibility for making the law work constructively within the academic community. Faculty, who historically have vigorously supported the creation and growth of institutional pension and retirement programs and have contributed the bulk of funds held under institutional pension programs, will play the most crucial role on the campus in determining the validity of the new law. As a result, they have a responsibility to require that plan administrators in private companies and public systems provide adequate, clear,

and objective appraisals of the impact of the new law on pension plans currently in effect on their campuses. They should insist that TIAA-CREF, as the largest private pension system in higher education, undertake an immediate and comprehensive program of orientation and consultation directly with faculty. Faculty can no longer rely solely on the judgments of others about the soundness of their pension plans. Not only must they determine the current status of such plans but they must also be responsible for making recommendations about their future status. The new law could affect early retirement plans and may force the elimination of phased retirement plans. Each retirement plan should provide specifically for retirement at age fifty-five. It may turn out that minimal changes are required, but faculty should make that decision on the basis of a clear understanding of how their plans are structured and how they operate. Furthermore, the move to change should not be made hastily. The Secretary of the Treasury is required to issue regulations that will interpret the law by February 1, 1988. If it turns out that the new law works to the disadvantage of faculty, they have a collective responsibility to encourage Congress to change the law.

If the past two years of discussion about tax reform are any indication, the time has long since passed when faculty can remain indifferent or passive toward the details of their pension plans. Plan administrators and institutional benefit officers have an obligation to provide adequate orientation to new faculty and hold regular discussions with continuing faculty. An increase in orientation activities needs to be matched by an increase in pre-retirement counselling. While there is debate over the source of such counselling, the need is immediate for faculty who either are close to retirement or must plan their pension contributions carefully in order to obtain maximum benefits at the time of retirement. Undoubtedly, there will be those who will recommend major shifts among pension plans. But the faculty ought not to be rushed into such changes without adequate discussion and consultation. The stimulus for change could originate from two sources: administrators determined to reduce the costs of current plans and the ubiquitous salespeople for alternative plans. But faculty should consider the advantages of their current plans and determine how they may be utilized to carry out the goals of institutional retirement and pension policies.

ETSU RETIREMENT SYSTEMS COMPARISON REPORT

RELEVANT FACTORS	(TCRS) TENNESSEE CONSOLIDATED RETIREMENT SYSTEM	(TIAA - CREF) TEACHERS INSURANCE ANNUITY ASSOCIATION COLLEGE RETIREMENT EQUITY FUNDS
1. Vesting Provisions	Any individual hired before July 1, 1979 five years for full vesting. Since the above date ten years for vesting	Immediate vesting when the money is entered for you or by you.
2. Interest Rate Payment	5% by year by virtue of a Tennessee law only on your personal contributions	10% dividend credited on your policy including the 5% personal contribution plus the 5% state contribution from March 1, 1986 to February 28, 1987. but no less than 9.5%
3. Portability Privileges	Practically none unless new employer will accept any such time and credit	Very great because of wide coverage in the higher education community
4. Ownership Relationship	Individual to a State Government	Individual to a Private Business
5. Contribution Rate	Contributory before July 1, 1981. Since that time non-contributory	Same conditions here as in the state program
6. Sick Leave Credit	1 month of additional service time credit for each twenty days of unused sick leave	Sick leave time here has no value whatever for retirement time credit
7. ETSU Membership 1,438 Percentage Number	1,053 73.2%	385 26.7%
8. Investment Fund Management	State Treasurer's Office with an appropriate staff under his direction	Private investment company

TIAA Annuity Dividends for 1987

TIAA dividends are declared for a year at a time and credited to annuity accumulations as additional compound interest, over and above a contractually guaranteed interest rate (3% for current premiums). It is this "excess" interest that produces the Additional Amounts referred to in the Rate Schedule of your TIAA annuity contract. TIAA investment earnings come from yields on both fixed-rate and variable-rate loans, as well as from contingent income on mortgage loans and from equity participation in direct loans to business and industry.

For the twelve months March 1, 1987 through February 29, 1988 your TIAA annuity will be credited with the following total effective annual rates of interest:

- 8.50% on that portion of your accumulation resulting from premiums paid and Additional Amounts credited on and after January 1, 1987.
- 9.00% on that portion of your accumulation resulting from premiums paid and Additional Amounts credited from January 1, 1986 through December 31, 1986.
- 11.00% on that portion of your accumulation resulting from premiums paid and Additional Amounts credited from January 1, 1985 through December 31, 1985.
- 11.50% on that portion of your accumulation resulting from premiums paid and Additional Amounts credited from January 1, 1982 through December 31, 1984.
- 10.25% on that portion of your accumulation resulting from premiums paid and Additional Amounts credited from January 1, 1979 through December 31, 1981.
- 9.50% on that portion of your accumulation resulting from premiums paid and Additional Amounts credited prior to 1979.

During the twelve months ending February 28, 1987 the rate credited for the 1986 vintage was 10.00%; for the 1985 vintage it was 11.00%; and for the three earlier vintages, 11.75%, 10.50% and 9.50% respectively. The 10.00% rate also was credited for premiums and Additional Amounts credited to your annuity from January 1, 1987 through February 28, 1987. The new dividend rates listed above reflect primarily the continued declines in interest rates on new fixed-rate and variable-rate investments. Dividends may increase or decrease in future years.

About Your 1986 Blue and Yellow Slip Income Illustrations

TIAA dividends for accumulating annuities consist of a Base Dividend that brings the effective rate to 6% for all TIAA accumulations, and Extra Dividends that raise the effective rates to the levels shown above. All dividends credited to your annuity through 1986 (from both Base and Extra Dividends) are included in the TIAA figures that appear on your Slip. However, in illustrating future income benefits for TIAA (Item 3 of your Slip), only the Base Dividend effective rate (6%) was assumed for the accumulation period, as explained on page 2 of your Slip.



**Teachers Insurance and Annuity Association
College Retirement Equities Fund**

730 Third Avenue/New York, NY 10017 (212) 490-9000

DONALD S. WILLARD
Executive Vice President

December 31, 1986

TO ALL PARTICIPANTS:

During congressional consideration of the Tax Reform Act of 1986, we asked you to contact your senators and congressman to seek their support in retaining certain favorable provisions of law pertaining to employer-sponsored pension plans and other retirement arrangements. You responded with an outpouring of letters and telephone calls that had a positive effect on the outcome of this legislation. Thanks to all of you who helped in this effort, the outcome is generally favorable to participants, participating institutions, and to TIAA-CREF, although not entirely satisfactory to all concerned.

The enclosed issue of The Participant describes in more detail the outcome of Congressional deliberation on various aspects of the law that most directly affect participation in TIAA-CREF pension and Tax-Deferred Annuity plans for the vast majority of TIAA-CREF participants. Included is a discussion of contribution limits, one of the subjects we wrote to you about. As for the other aspects of the new law on which we asked for your help,

- o TIAA-CREF's tax exemption has been retained on all employer-sponsored pension operations -- thus preserving these TIAA-CREF pension reserves for pay-out as retirement income to participants and affirming long-standing national policy not to tax employer pension plans at the plan level. (As with all pension plans, that portion of TIAA-CREF participants' annuity income resulting from employer and employee before-tax contributions and earnings will continue to be subject to federal income tax when it's received, as it was before the Tax Act became law.) The Tax Act also treats TIAA's insurance operations consistently with those of other insurers by making them taxable, as of 1987. However, taxation of these operations, which include life, health, and disability coverage, isn't expected to have a significant impact on insurance premiums, dividends, or benefits.
- o Colleges, universities, and other nonprofit organizations (except for churches) will be required, after 1988, to meet benefit plan design requirements similar to those required for plans in business and industry. We noted in our letters to you that these requirements may be burdensome for educational institutions. In a House-Senate Conference Agreement -- a document that expresses Congressional intent in the drafting of a law -- the Secretary of the Treasury is directed to issue regulations that take into account the special circumstances of educational and tax-exempt organizations in applying these rules.

In closing this chapter of our joint effort to preserve the integrity of your retirement arrangements, we thank you again for all your good help.

Sincerely,

Donald S. Willard

COMPARISON OF PROVISIONS OF TIAA-CREF AND
THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (TCRS)

TIAA-CREF

TCRS

Contributions

No contributions are paid by the member. The University pays 10% of gross salary covered by Social Security and 11% of salary in excess of that covered by Social Security.

No contributions are paid by the member. The University pays 11.05%.

Portability

Each member has a personal contract and may continue contributing at other educational institutions. Individuals may also contribute extra payments whether employed by a participating institution or not.

TCRS has no portability except with State government.

Vesting

Both employer and employee contributions are 100% vested from the date of contribution.

For members who joined before July 1, 1979, there is a graduated scale of vesting with 10% vested benefits after 4 years which increases to 100% after 10 years. For new members on or after July 1, 1979, there is no vesting until the member has accrued 10 or more years' creditable service.

Formula Benefits

No formula benefits are available. TIAA-CREF annuities provide total retirement income.

A formula using average salary and creditable service is used to compute all retirement allowances.

Disability

There is no provision for disability retirement. However, the employee may request an annuity settlement and receive whatever amount is payable as an annuity at that age.

After 5 years' creditable service, the member is eligible for disability retirement computed with the formula. Accidental disability retirement is also available if the person is disabled on the job.

Refund

No refunds are provided for members who join after July 1, 1981.

No refunds are provided for members who join after July 1, 1981.

Variable Retirement Income

CREF is a variable annuity which may decrease or increase retirement income in accordance with investment earnings. Its primary investments are in common stock. Although TIAA is a fixed annuity, income payments may vary due to interest and dividends. Amount of income payable at retirement is based on the value of the accumulation and the person's age.

TCRS is a defined benefit plan. Since income is computed with a formula and not based on the value of an accumulation, the income is fixed except for legislative changes in the formula and cost-of-living increases.

Cost-of-Living Increases

There are no cost-of-living increases as such. Instead there may be variances in annuity income as stated in the preceding item.

Adjustments in income to reflect increases or decreases in the CPI may be made. Such adjustments may not exceed 3%. Or, the retiree may elect a lesser retirement allowance under an option which provides 6% cost-of-living adjustments.

Death Benefits before Retirement

The value of the total accumulation is payable to the named beneficiary or estate. If the value of the accumulation is sufficiently large, the beneficiary may have other options including annuity payments.

If the member dies before becoming eligible to retire and within 120 days of active service, the beneficiary or estate receives a lump sum payment which amounts to twice the value of the member's accumulation. For members who join July 1, 1981, or later and have no prior service, there is no lump sum death benefit.

If the member is age 60 or has at least 30 years of service, the member may execute an Option 1 which upon the member's death before retirement provides a 100%-to-survivor annuity. Also, if the member has at least 10 years' creditable service and dies, there is a 100%-to-survivor annuity automatically payable to the spouse, if any, if the spouse has been named as beneficiary.

FACULTY SUB-COUNCIL
9:00 a.m., April 15, 1987
Tennessee State University-Downtown Campus
Room 320

Agenda

1. Approval of Minutes (Meeting of January 23, 1987)
2. Immigration Reform Act Requirements: Implications for Academic Officers (Ms. Linda Sendaula)
3. Academic Calendar Conversion to Semester Systems (Professor Petersen, CoSCC)
4. Information on Discounts for Personal Computers: Faculty, Staff, Students (Mr. Elijah Hall)
5. SBR History Requirement (Professor Acquaviva, WSCC)
6. Personnel Items (Raised by Dr. Fisher, ETSU)
7. Status of Proposed Revisions - Performance Funding Standards (Dr. Peter Consacro)
8. Measures to Enhance Enrollment and Retention of the Adult Student (Dr. Doran)
9. University 101 (Dr. Joseph Stevenson)
10. Old Business
11. New Business

EMPLOYEE HEART ATTACK—An employee who worked as a cashier had a heart attack at work and died. His widow sought to recover worker's compensation. In ruling for the employer, the Tennessee Supreme Court found that the employee suffered from a variety of health problems and that, ordinarily, a heart attack will not be considered an injury arising out of the course of employment unless there is physical exertion or some sudden or unexpected emotional stress directly attributable to employment. The Court noted that, in this case, the employee's heart attack was not preceded by an emergency, irate customers, or physical exertion. In fact, "business was slower than usual" at the time that the heart attack occurred. (No. 84-2070-III, Tn. Sup. Ct., Nov. 3, 1986, 11 TAM 45-4)

INJURY ON LUNCH BREAK—The usual practice for the employee in this case was to bring his lunch to work, eat it during a 35 minute lunch break, and then take his lunch container out to his car before resuming work. Employees were not required to stay on the premises at lunch, and if they left the building during the break period, they were required to clock out. On the day of the accident in question, the employee finished his lunch, clocked out, and began walking to his car in the employer's parking lot. It had been snowing that day, and the parking lot was covered with snow by the time the employee left the building. On his way to the car, he slipped and fell, severely injuring his right shoulder. The employer contended that the employee was not entitled to recover worker's compensation, since the employee was "on his own mission of convenience when the accident occurred" and since the employee "was aware of the hazardous conditions of the parking lot." However, the Tennessee Supreme Court ruled that where an employee is injured on the employer's premises during a break period provided by the employer, the injury is usually covered by worker's compensation. The Court observed that this general rule might not apply to a situation where the employee "was engaging in prohibited conduct or being at a place not authorized for employees." However, the employee in this case was simply doing what he did every day and was not doing anything contrary to his employer's policy. Thus, the Court found that the injury sustained by the employee was covered by worker's compensation. (723 S.W.2d 104)

Immigration Reform and Control Act

This Act became law on November 6, 1986. It prohibits the employment of "unauthorized aliens," penalizing employers who hire them and requiring all employers to

check whether each of their employees is legally entitled to work. A violation of the law can result in both civil and criminal penalties, but no penalties will be assessed against employers until June 1, 1987. Between June 1, 1987, and May 31, 1988, first offenses will result only in a citation. Thereafter, the penalties (which include a fine of up to \$10,000 for the third offense) become fully enforceable. Under the law, an "unauthorized alien" is a person who is neither an alien lawfully admitted to the U.S. as a permanent resident or an alien who is a temporary resident with a visa, certificate or permit authorizing employment in the U.S. This law applies only to employees hired on or after November 6, 1986. For all employees hired after that date, employers are required to verify the employee's identity and employment eligibility. Both identity and eligibility can be verified by the following documents: (1) U.S. passport; (2) certificate of U.S. citizenship; (3) naturalization certificate; (4) unexpired foreign passport which authorizes employment in the U.S.; and (5) an alien registration card that contains a photo or other identifying information and that authorizes employment in the U.S. Identity can be verified by an original driver's license, another state-issued I.D. that contains a photo or a description of the person, or a notice showing a discharge from the U.S. Armed Forces or showing active duty or reserve status. Employment eligibility can be verified by a social security account number card, an original or a certified copy of a birth certificate, a Report of U.S. Citizen Birth Abroad, or a Form I-94 with an unexpired employment authorization stamp. An employer must verify all new employees within 24 hours of when they are hired. An employer must also complete and retain a Form I-9 (called an Employment Eligibility Certification). In the case of recruiting applicants, this form must be retained for three years after application for a job is made. In the case of hiring, this form must be retained for the longer of three years from the date of hiring or one year after the employee leaves. Unfortunately, the Form I-9 is not yet available, and the Immigration and Naturalization Service advises that until it is, employers should in some way document their verification of new employees' identity and employment eligibility as discussed above. To prevent employers from discriminating against people who may sound or look "foreign," the new law specifically prohibits discrimination against U.S. citizens of foreign descent or legal aliens. This anti-discrimination provision applies only to employers with four or more employees, while the remainder of the law applies to all employers, regardless of the number of employees. Although you may not feel that this state has an illegal alien problem, Tennessee employers are subject to all requirements of this Act.

This newsletter does not attempt to offer solutions to individual problems but to provide information about current developments in Tennessee employment law. Questions about individual problems should be addressed to the attorney of your choice.

TENNESSEE DOES NOT CERTIFY SPECIALISTS IN THE LAW, AND WE DO NOT CLAIM CERTIFICATION IN ANY LISTED AREA.

CHECKLIST OF THE ACT'S REQUIREMENTS

Employment of Allens

For all applicants for employment, or recruitment or referral for a fee after Nov. 6, 1986:

ASK FOR ONE OF THE FOLLOWING:

- U.S. Passport
- Certificate of U.S. Citizenship
- Certificate of Naturalization
- Unexpired foreign passport having an unexpired employment authorization
- Resident alien card or alien registration card, if:
it contains a photo or description, and
it specifically authorizes employment in the U.S.

—Or—

ASK FOR ONE OF THE FOLLOWING

- Social Security account number card
- Birth certificate (or other certificate) establishing birth in the U.S.
- Any document the Attorney General designates by regulation showing work authorization

—Plus—

ONE OF THE FOLLOWING

- Driver's license containing a photograph
- Other state-issued identity document containing a photograph or other means of identifying the bearer
- Any document the Attorney General designates by regulation as showing identity

IF THE APPLICANT PROVIDES DOCUMENTATION

- Sign the form issued by the Attorney General attesting that you've verified the applicant's identity and authorization to work in the U.S.
- Have the applicant sign the form, as well.

IF THE APPLICANT FAILS TO PRODUCE DOCUMENTS

OR

IF THE DOCUMENTS APPEAR NOT TO BE GENUINE

- DO NOT hire (or recruit or refer) the applicant
- Tell the applicant to have the disputed documents authenticated by INS and returned

AFTER HIRING THE APPLICANT

- Place the attestation form in your files
- Photocopy the documents used to verify and file them (optional)
- Keep the attestation form for three years after hiring, or
- Keep the attestation form for one year after termination (if employee was employed less than three years)



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The State University and Community College System of Tennessee

1161 Murfreesboro Road • Nashville, Tennessee 37217 • (615) 741-4821

MEMORANDUM

TO: Faculty Sub-Council

FROM: Elijah E. Hall *E. E. Hall*

SUBJECT: Microcomputer Discount Purchase Program
for Faculty, Staff, and Students

DATE: April 15, 1987

We are pleased to announce that SBR's General Counsel has approved a microcomputer discount purchase program for faculty, staff and students with Zenith Data Systems, for all SBR institutions.

The aim of the program is to enhance computer literacy and not to meet the additional demand for software and peripheral equipment on the part of experienced users. Consequently, certain limitations have been placed on the kinds and amounts of equipment and software that can be purchased through this program. Information on these limitations, prices, purchasing processes, and other information is attached.

Purchasers of microcomputers under this program will be required to certify

- 1) that they will not sell the computer within one year of the date of purchase,
- 2) that the computer is for their personal use and/or the personal use of members of their immediate family, and
- 3) that they understand that copying of copyrighted software for use by someone who has not purchased the software is illegal and that they will refrain from such copying.

Although, this discount purchase program is available to SBR faculty, staff, and students, the Board office neither encourages nor discourages the purchase of microcomputers for personal use. The purpose of this memo is not to endorse Zenith Data Systems as a single source of micros, but is intended to provide information on a company that has extended special prices and services to the education community.

For more information regarding the microcomputer purchase discount program, you should consult with your Director of the Computer Center or bookstore staff.

EEH/cb
Attachment

Austin Peay State University • East Tennessee State University • Memphis State University • Middle Tennessee State University
Tennessee State University • Tennessee Technological University • Chattanooga State Technical Community College
Cleveland State Community College • Columbia State Community College • Dyersburg State Community College
Jackson State Community College • Motlow State Community College • Roane State Community College
Shelby State Community College • Volunteer State Community College • Walters State Community College
Nashville State Technical Institute • State Technical Institute at Knoxville
State Technical Institute at Memphis • Tri-Cities State Technical Institute
The State Area Vocational-Technical Schools



East Tennessee State University
Box 23534A • Johnson City, Tennessee 37614-0002

March 31, 1987

Dr. Bert C. Bach
Vice Chancellor for Academic Affairs
State Board of Regents
1161 Murfreesboro Road
Nashville, Tennessee 37219

Dear Dr. Bach:

I am again taking this opportunity to provide you and the the appropriate members of the SBR staff with as much time as possible in case detailed research is necessary to investigate the following suggested Faculty Sub Council agenda items for the Friday, April 15, 1987, meeting.

I. Remaining items from previous Sub Council Meeting agenda's that warrant an update.

1. UT-SBR proposed reciprocal undergraduate tuition reduction agreement - any further developments?
2. TCA Title 8 chapter 50 section 8-50-112 and State Board Guideline P-060 dated February 21, 1984. Why can't a terminating faculty member on any SBR campus having a faculty sick leave bank and who is under the optional retirement program (TIAA-CREF) donate his/her unused sick leave days to the campus sick leave bank prior to terminating their employment relationship?

II. April 15th suggested agenda items:

1. Where and what are the policies for recording majors and minors on a student's permanent record and/or diploma?
2. Can retiring faculty who are TIAA-CREF participants use accumulated sick leave time any way other than possible sick leave bank donation?



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3. What are the limitations or restrictions that prevent the development of a sabbatical leave program in the SBR system?
4. When will we have a composite report of the December 16, 1986, SBR system survey in respect to the institutional policies and practices concerning the campus faculty representative bodies questionnaire?
5. What is the present status of the Board policy on benefits for surviving spouses and dependent children of deceased SBR faculty members?
6. When can we have a combined report of both the Fall 85 and Fall 86 results institutionally and systemwide on the ACT score figures and the remedial and development course program.
7. A number of ETSU faculty, at least, have retired and still have children who are now approaching the time for college attendance. Why can't those students of retired faculty members be eligible for student tuition reduction benefits?

Sincerely yours,

William J. Fisher
Faculty Senate President

jaa

**PUBLIC NOTICE
OF
INVITATION TO BID**

PROJECT: Johnson City Family Practice Center
East Tennessee State University
Johnson City, Tennessee
SBC Project No. 166/05-01-86

DESIGNER: Dewberry & Davis
1601 College Park Drive
Morristown, Tennessee 37813

Contact: Chris Umberger Phone: (615) 581-3195

BRIEF PROJECT DESCRIPTION:

Construction of Approx 12,100 S.F. of clinic and office space, including related site preparation, mechanical, plumbing and electrical

Bids are invited for a General Contract for the Work of the above project.

Bids will be received by the Designer at Headquarters 176 Maintenance Battalion at the National Guard Armory, 2117 West Market Street, Johnson City, Tennessee 37603-5131 until 1:00 pm EDT 12 May 1987 Tuesday at which time and place bids will be publicly opened. A five percent (5%) Bid Security is required.

Bidding Documents may be examined at the Designer's office and at the following Plan Rooms:

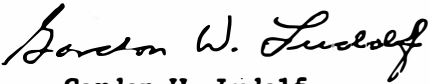
- Knoxville Builders Exchange
- F. W. Dodge in Knoxville
- AGC Tri-cities Branch

Copies of the Bidding Documents may be obtained from the Designer in accordance with the Instructions to Bidders upon the Designer's receipt of a certified or cashier's check made payable to the STATE OF TENNESSEE in the amount per set of \$800.

Bidders submitting bids equal to or greater than \$25,000 in value are required to be licensed in accordance with State law. Prevailing Wage law applies to any contract equal to or greater than \$50,000 in value. Non-Discrimination policy applies to this project. A statement of public contract crime status is required in the Bid form.

The Owner reserves the right to waive any informalities and to reject any or all bids.

EAST TENNESSEE STATE UNIVERSITY FACULTY SENATE FINANCIAL REPORT

Budget Categories and Items	Budget 1986-87	Expenses March 1987			Total Expenses To Date 3-31-87	Remaining Balance 3-31-87
I. Travel (3009) In-state travel (3150) Encumbrances	\$2090.00	\$672.00			\$1899.00	\$191.00
II. Operating Expenses (4000) Duplication-Off Campus (4140) Printing by E.T.S.U. (4110)	2100.00	212.00			1233.00	867.00
Postage (4230)		9.00				
Data Processing (4420)						
Supplies (4500)		30.00				
III. Scholarships-.RWSP (1410)	1000.00	116.00			591.00	409.00
TOTAL	\$5190.00	\$1039.00			\$3723.00	\$1467.00
Respectfully submitted,  Gordon W. Ludolf Treasurer April 20, 1987						

Linda Kerley

Copy to Deann Higgs



LAMAR ALEXANDER
Governor
ARLISS ROADEN
Executive Director

Commission Members:
WALTER LEE PRICE, CHAIRMAN
LEWIS R. DONELSON
JOE LANCASTER
LARRY D. PERRY
HERMAN POSTMA
C. BRENT POULTON
J. BRAD REED
ROBERT SCALES
RONALD TERRY
JOAN WILLIAMS

501 UNION BUILDING SUITE 300 NASHVILLE, TENNESSEE 37219-5380 (615) 741-3605

MEMORANDUM

TO: Presidents and Chancellors
FROM: Arliss L. Roaden *Arliss L. Roaden*
DATE: January 31, 1986

RECEIVED
FEB 7 1986
PRESIDENTS OFFICE

SUBJECT: Commission Action on Master's Programs in Nursing

In response to interest expressed in starting new graduate nursing programs, the Commission directed our staff to study the job market in Tennessee for nurses with graduate training. This study, which was reported to the Commission at its meeting of January 23, 1986, showed that there was insufficient employer need to start any new MSN programs. However, the study also showed that the graduate nurses being trained are not meeting needs in public health nursing. As a result of these findings, the staff recommended and the Commission adopted the following recommendations:

1. The Commission should entertain no proposals before January 1, 1990 to begin MSN programs, unless a proposer first provides convincing evidence of substantial changes in the relation of numbers of MSN's graduated in Tennessee to the employer need.
2. The Commission staff should review the State's MSN contract with Vanderbilt University and should modify it in a mutually agreeable way, in consultation with agencies employing public health nurses, to promote the training of more MSN's trained in public health.

If you would like a copy of the full study, we would be pleased to send you one at your request.

ALR:RRA:gm

cc: Dr. Bert Bach
Dr. John Prados

RECEIVED
FEB 11 1986

SCHOOL OF NURSING