

Report of the General Faculty meeting

June 3, 2020

Just before this meeting, Brent sent the whole faculty two proposals from the Provost:

1. A proposal to temporarily suspend the University's contribution to employees retirement accounts
2. A proposal to permanently change the medical benefits coverage and the percentage co-pay that all employees would contribute, including the faculty.

The faculty council met before this general faculty meeting and unanimously agreed to send the proposals to the faculty for discussion. The faculty council does not have any recommendations regarding the proposals.

Brent was also finalizing a survey that, by now, has been sent to the faculty. Brent will analyze the survey results with the help of some faculty before meeting with the provost early next week. Brent invited the faculty members to share their concerns.

Below are the concerns shared by the faculty and, in some cases, possible responses from the administration according to Brent.

1. It's essential that the faculty have to act over the summer, and not wait till fall. If it means that we need to do something to the faculty handbook in order to act, we need to do it.
2. For shared governance, we need to hold the administration accountable. In order for us to decide if we want to cut our salaries and benefits, we need transparency from the administration about overhead costs and overhead ratios. Without sharing individuals' salaries, they can be transparent about costs on the administration's side.
Brent will send an email the next day to set up a time to discuss the specific numbers that he needs to ask in his meetings with the administration.
3. The numbers given to us are gross numbers, not net numbers. We need net numbers under different scenarios in order to have a good understanding of the situation.
A: The \$14m is net of dining, without accounting for any other costs.
4. Since we are surrendering so many benefits, we need to insist for more co-governance, e.g. having 2-3 faculty member voting seats on the board of directors, particularly on the executive committee and finance committee.
5. The proposed medical benefits change includes two parts. Pre-2013 faculty have different PPO plans than newer-hired faculty as far as deductible levels and copays etc. The administration is proposing to put everyone on the same plan and increase the percentage of faculty contribution.

6. The proposal about retirement contribution is also not clear. It is proposed that the university will suspend its contribution to retirement for a year, then the administration “intends” to bring it back the next year, but it’s not specified clearly. The level at which the new contribution (July 2021) will be set is also not specified.
 - a. Brent has heard a counter proposal made that we cut it in the short term and increase it in the long term as a way of compensating faculty. This was deemed problematic. Another counter argument is that if all these measures are made with the aim of improving financial health of the institution, we should be moving toward a point where benefits can be increased. This argument should be advanced.
 - b. Can we accept a one year suspension of the retirement benefit and then revisit the retirement proposal in 12 months? These are two distinct requests and should be treated separately.
7. A question was raised about if the endowment was at \$387m two years ago. Brent was told that the endowment was at \$224m before the stock market crashed, and currently at \$217m. 70% of this amount is restricted and cannot be used. The rest may be available. But the administration, or HLC, will not allow it to be used for the structural gap. Some amount may be drawn to cover some of the covid costs.
8. It was argued that for a small institution like us, we have too many Vice Presidents. Salaries of the VPs are a considerable amount, and yet the work is done by people in the divisions, not by the VPs. We need to restructure from the top instead of always hitting at the low levels. We also need to be aware that whatever we let go now most likely won’t come back. And we need to consider, in our negotiations, what we are getting in exchange for these sacrifices.
 - a. For those who make significantly more than \$100k, we can suggest adding another tier of salary cut.
9. It was argued that the only thing that matters is the contract. The administration is asking us to act outside of the contract, and is looking for partners to break the contract. Our only right for faculty governance comes through the contract.
 - a. They can reduce salary without faculty vote, which is the reason why we get a proposal for reduction of benefits but a statement for reduction of salary. If we don’t work out an agreement about the benefits, they would further reduce salary. It’s a global crisis, and we must find a way to deal with it.
 - b. It’s a global crisis, but part of the problems we have occurred before the crisis.
 - c. The contract and the handbook do not allow the president to reduce salary at will. The university needs to demonstrate financial exigency, which it hasn’t. The contracts were issued just two months ago.

10. In the proposal, when it says “20% of copay” does it mean 20% of the cost of the medical insurance?

Brent thinks it means 20% of the cost of the insurance. He will confirm this point. So for people who came in before 2013 and are paying 10% of the cost, it will be doubled.

11. It was argued that these proposals send a signal of what the administration thinks of the faculty and their value. They are also signaling how market crises will be handled in the future. It will besmirch the reputation of the university and make recruiting difficult in the future. We may need legal advice.

A: It was argued that these proposals are consistent with what other Jesuit institutions are doing. With regard to legal counsel, there is a question on survey specifically about this, and faculty can respond to it.

12. In Feb. 2018 the president made clear that there was no financial crisis. The figure we are given now is inconsistent with that information. The problem due to the pandemic should be addressed first. Then moving forward we can address the structural problem.

Brent just received reports from the AAUP on financial exigency and how all of that has been interpreted. One of them was written by one of the people who wrote the AAUP position on that and challenged some of the ways some universities have been using that. The articles will be forwarded to the full faculty.

13. A question was raised about eliminating programs and combining departments. Brent has not been in any conversation in which this issue has been explored. In one of the meetings Brent attended, someone has asked for a list of extra- and co-curriculum programs that can be eliminated now. The answer to that question was no, we are not ready for these conversations at this time.

14. Any reduction of faculty compensation is a breach of contract, because JCU has not declared a financial exigency.

From the handbook perspective: the admin can cut salary if it's part of an overall salary reduction of all faculty. It has to be university-wide. They can cut salary if they can make the argument that doing so will avoid imminent financial exigency. Benefits, on the other hand, cannot be changed without faculty agreement. There is talk that the admin wants to change this policy, but they did not put a proposal forth.

They have to show that without these measures there will be financial exigency. So they need to inform the faculty why drawing from endowment is not an option of avoiding financial exigency.

What evidence of financial exigency has been presented? There is a process for doing that, which has not been initiated.

The presentation made by Lauri has not been detailed or comprehensive. We need a deep dive into the expenses of the university. What has been presented is not convincing.

If we hold firm, the current contracts only protect us for a year. If we don't make any concessions, in the worst case scenario in the fall, there is a real risk of declaring financial exigency. Some argued we should cooperate for one year and see what it looks like next year.

The question is, what other resources and options do they have?

In clarification, one member of the faculty made clear that a decision to seek legal counsel is not an effort to "lawyer up," but to make sure the faculty has the legal knowledge necessary to make good decisions; our personal opinions and traditional interpretations are not replacements for a legal understanding of the Handbook, the threat of exigency, and the interactions between them. We are being asked to operate to our disadvantage, on a very short time frame, without the legal expertise to make the best decisions.

15. Brent read from the proposal section of the retirement proposal.

Several faculty members think the paragraph is squishy, and needs to be more specific. We need assurance about at what level it will be reinstated at before we can consider voting for it.

What are the conditions to continue the reduction of benefits?. What are the conditions to restore it to the current level? An independent body should look at these conditions. Promises made by the university to the faculty in the past were not materialized. Faculty shared distrust of the administrators based on previous actions. We realize the administration is filled with different people, but having lived through previous cuts, especially given our low wages and retirement benefits relative to faculty at our comparator institutions, the faculty is skeptical. If we vote to accept this, we need to know what the level will be 12 months from now, how that measure will be determined, who will make that determination, what sources of measures or benchmarks will be used to see whether the numbers increase or decrease going forward.

We need to specify that we are agreeing to the suspension of retirement contribution for one year, which is expected to be reinstated at its current level. About this Brent shared that the administration is not anticipating bringing the retirement level back at 100%.

16. Separating the shorter-term and the long-term problems:

The retirement proposal should be a one year suspension, after that it should be a different proposal. One year from now we'll have a much better idea about the situation.

Due to many moving targets, decisions are better made later.

Some of the administration are aware that the more we cut retirement the more difficult it is for people to retire, which has a long-term cost.

Brent has argued from the beginning that the two are separate deficits and should be treated separately. And was told flat out that he was wrong about it.

The smaller student body problem is on us now. Brent encouraged the faculty to send him whatever counter arguments they have.

17. There are 74 faculty members eligible for retirement under the current plan. Those who are above 55 years old and have worked at JCU for 10 years are eligible for retirement, according to the Handbook.
18. It was argued that there should be some exemption for people who are within 1-2 years to retirement and will be more hurt by the suspension.
19. If we decide to get legal counsel, how do we get it and how do we pay for it?
We can seek out the AAUP representative. As to how we pay for it it's a different question.
20. At the beginning of strategic planning, the president promised that we would close programs but faculty will be reassigned instead of being fired. Is that promise gone? Are they looking to fire faculty?
It has been repeatedly mentioned that they aim to reduce faculty by 20% (35-36) and staff by 20% on the permanent basis. Elimination of faculty positions has been talked about in a vague manner. What is clear is that they are not giving us assurance that there will not be faculty cuts.
21. Are we willing to put together organizations to come up with ideas/criteria? Are you willing to serve on such a group if we were to do so?
22. The cuts of 20% and \$5m are assertions not explanations. There has not been an opportunity to challenge the thinking behind them. They mean to cut 20% of the current faculty, but they'll hire new faculty for new programs, which contradicts the argument of the need for fewer faculty due to a smaller student body. They haven't had to explain themselves on this.
23. A caution was voiced against the thinking that by agreeing to the proposals we are saving programs/departments. In the past, faculty has been talked into accepting an increase of insurance cost in order to save for salary increase. A year later there was a salary freeze.
24. The administration needs to evaluate the costs and benefits of involuntary and permanent removal of tenure-track or tenured faculty. What might be gained in financial savings may be lost in faculty morale and many other ways.
 - a. By cutting half of the adjunct faculty, we also face potential increased teaching load in addition to the pay cuts and benefit reduction.

- b. The institution is acting to eliminate lower-enrolled classes and reconceptualize the model of teaching load, although the model has not been proposed yet. We will certainly be asked to do more with less.
25. Faculty needs to know if the reduction of benefits is absolutely vital and the right thing to do.
26. A question was raised about how much savings have been pinpointed in the administration's meetings. Peter responded that there is not a specific figure yet.
27. There is supposed to be increased revenue from the graduate programs. Where is it going? It should go to help sustaining our faculty and keeping us out of deficit. But it seems that it will be plowed back into future program development. So it seems that none of the short-term increase of revenue will be used to help with the deficit or keep us from having to fire faculty.
- Brent has asked about how the 11 projects identified in the strategic plan draft will be funded (7 of which are graduate programs). The answer is that they will be funded primarily by the increased revenue of the grad programs, and perhaps donor support. So the assumption is correct that the money will be used to grow the institution instead of protecting the current faculty.
28. Extensive analysis has been made about how low our faculty compensation is compared to market level. After this crisis there should be another salary analysis. It was argued that we can make sacrifices for the short term, but we must be firm about how we will be compensated in the long term.
29. We need to meet regularly in the summer.