UNIVERSITY
OF MIAMI
FACULTY SENATE

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MEMORANDUM

To: Donna E. Shalala, President

From: Richard L. Williamson
Chair, Faculty Senate

Date: March 25, 2010

Subject: Faculty Senate Legislation #2009-19(D) – Resolution pertaining to budgetary-related issues

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At its March 24, 2010 meeting, the Faculty Senate adopted the following resolution. As you will see the resolution authorized the administration to take a number of steps for the purpose of preparing the budget. However, a few conforming changes will be needed to the *Faculty Manual* which we intend to take up at the April meeting.

Recognizing that the Senate, its General Welfare Committee, and its Budget and Compensation Committee have been in very extensive consultations with the Provost and other senior Administration officials on the budget and related matters; and

Stressing the Senate's view that it is important to the well-being of the university for faculty compensation, research support and facilities, and other conditions of employment to be generally comparable with those of our 10 aspirational schools; and

Knowing that achieving parity with those universities is not possible in the short run, particularly given the current economic circumstances; and

Recognizing that the University has made a number of improvements in employee benefits over the past two years, some quite costly, such as the assistance to families with autistic children and providing 10% of salary to employees in their first year of employment in lieu of retirement contributions; and

Applauding the progress that has been made in our consultations, including the mutual recognition that:

- Efforts to reduce the University's budget to deal with the current financial situation must be a shared burden for both the administration and the faculty.
- Significant savings on the administrative side have been identified and will be implemented with a savings of in excess of $ 1,000,000 for the coming academic year and substantially more in subsequent years.

- Considerable savings are possible over the long run in modifying those retirement and tuition remission benefits which employees here receive that are more generous than our aspirational schools, but very little savings is possible in the upcoming year.
- Certain principles should govern any consideration of changes in benefits for the future. These include:
  - Benefits that assist many or are a shared risk or insurance are preferable to benefits that assist a few, except in cases of severe hardship.
  - Benefits which are tax-neutral or provide tax advantages are preferable to taxable benefits.
  - Undergraduate tuition remission for employees and dependents must remain sacrosanct.
  - Taking benefits away from employees who currently have them involves both practical and psychological disadvantages, with the consequence that "grandfathering" such benefits should be given considerable, but not exclusive, weight in making decisions on benefit changes.
  - The Senate and the Administration need to work closely together to identify additional policy changes which will be beneficial to employees while reducing the costs to the University.

With these considerations in mind, and recognizing that not every Senator necessarily supports every item listed below, the Senate endorses the following:

A. Tuition Remission

In all cases involving tuition remission, recipients would be expected to reimburse the university if they drop a course without permission after the close of the drop-add period. In addition, recipients would no longer be eligible for tuition remission, if the number of credits covered by tuition remission exceeds 128 or such other higher credit number as meets the requirements of the degree.

1. Undergraduate and graduate tuition remission for dependents. Except as noted above, there will be no change in eligibility.

2. Tuition remission for employees. Employees would be limited to two courses per semester, and not more than 15 credits per year. Employee tuition remission would no longer be available for Ph.D. programs, except for those employees currently enrolled in such a program. This provision does not preclude fellowships, assistantships or other support provided by the school or external grants. At its discretion, the administration may institute restrictions designed to limit the percentage of employees in Masters Degree programs provided that (a) these measures would not have the practical effect that employees currently enrolled in degree programs could not complete their studies, and (b) the administration would work with the deans to agree on any such restriction.

B. Life Insurance

1. **Current employees earning over $50,000 or more per year.** In the future, employees in this category would continue to be eligible for the amount of life insurance coverage provided by the university to them as of May 31, 2010.

2. **Current employees earning less than $50,000/year and new employees.** For employees in these categories, the university would provide life insurance coverage equal to twice their annual earnings, up to a ceiling of $100,000.

C. Contributions Toward Retirement

Employees who currently earn more than the IRS income limitation for non-taxability of retirement benefits (currently $245,000) would continue to receive the full amount (10% or 11% as the case may be) in retirement contributions from the university. New employees, and current employees earning less than this IRS cut-off whose earnings subsequently exceed it, would receive contributions toward retirement only up to the IRS limit.

RW/rh

cc: Thomas LeBlanc, Executive Vice President and Provost