Lamar University
Faculty Senate Minutes
May 4, 2005

Senators Present: : Arts & Sciences: Shelia Smith, Alec Matheson, Sandra Brannan, Peggy Doerschuk, Terri Davis, Dave Castle, Mike Matthis, Sandra Brannan, Roger Cooper, Christine Bridges-Esser, Rick Altemose, Paul Nicoletto, Emma Hawkins, Business: Celia Varick, Education: Fara Goulas, George Strickland, Dan Chilek, Lula Henry, Bill Holmes, Engineering: Mien Jao, Hsing-wei Chu, Bernard Maxum, Fine Arts & Communication: Kurt Gilman, Jeff Wisor, Ann Matlock, Sumalai Maroonroge, Nicki Michalski, Library: Jeff Lacy, Theresa Storey, Developmental Studies: Joe Kemble, Lamar State College PA: Mavis Triebel

Senators Absent: Arts & Sciences: Rebecca Boone, Martha Rinker, Paul Griffith, Valentin Andreev, George Irwin, Don Owen, Dennis Miller, Dianna Rivers, Iva Hall, Steve Zani, Business: Jai Young Choi, Larry Allen, Kakoli Bandyopadhyay, Jim Cammack, Nhung Nguyen, Engineering: John Gossage, Paul Corder, Kurt Dyrhaug, Fine Arts & Communication: O’Brien Stanley, Kim Ellis, Education: Bernadette Moore, Kimberly Chalambaga, Library: Sarah Tusa,

1. The Lamar University Faculty Senate was called to order by President, Bill Holmes at 3:05 P.M., May 4, 2005

2. A motion was made by Fara Goulas and seconded by Lula Henry to approve the April Faculty Senate minutes. The motion carried.

3. President’s Report:

• Mark Asteris reported that there were minor problems but many favorable comments concerning Staff Appreciation Day. To illustrate this he read a thank you note from a staff member.
• President Holmes reported that he would be meeting with the Provost to complete the process of forming Administrator Review Committees for the evaluations of Deans Hopper, Schultz and Venta.
• He announced that the Chairs scheduled for evaluation next year are Coppin, Crawford, Curl, Lumpkin, Martin, Meeks, Osborne, Sheppeard, Srinivasan and Warren. This information was referred to the Faculty Issues Committee.
• Also, the handicapped parking resolution was given to the President and Provost. They asked that the Student Government Association have an opportunity to respond to the resolution and then the Faculty Senate can discuss it in the fall. This was referred to the Academic Issues Committee.
• The Faculty Senate has been asked to study and make recommendations concerning the number of days set aside for mini-sessions. This was referred to the Academic Issues Committee.
• Moreover, President Holmes indicated that most election results are finished, but urged all election results be submitted by the end of this week.
• Finally, he thanked the senators for all their work this past year on behalf of the Faculty Senate.

4. Committee Reports
• Academic Issues: Terri Davis – There was no report.
• Faculty Issues: Hsing Wei Chu – There was no report.
• Budget & Compensation: Ann Matlock
Ann reminded the Senate of the report from the equity committee. She seemed confident that the retirement fund is “in good shape,” and handed out a revised and updated report on the effect on the retirement system of new actions by the legislature (attached). She was worried about how our health care will be handled during the next legislation session.
• Development and Research: Rick Altemose –There was no report.
• Distinguished Faculty Lecturer: Fara Goulas
She talked about the committee “make-up,” how difficult it is to decide when using a rating sheet. She announced that the selection for the 2005 Distinguished Faculty Lecturer was Dr. Kenneth Rivers speaking on: the Impact of Movies, Monday October 17, 2005.

5. Old Business – None

6. New Business – None

7. Open Discussion/Comments - None

8. A motion was made by Terri Davies and seconded by Alec Matheson to adjourn the 2004-2005 Senate. The motion carried.

9. President Bill Holes called to order the 2005-2006 Senate.

10. Election of 2005-2006 officers resulted in Bill Holmes as President, Dianna Rivers as Vice President and George Strickland as Secretary.

11. A motion was made by Terri Davis and seconded by Hsing-Wei Chu to adjourn the 2005-2006 Senate.

Respectfully submitted,
George Strickland, Secretary

Information about TRS and Texas State Employee Health Care Plans – revised\*\*

1. The Teacher Retirement System appears to have about $11 billion less than it needs to cover promised benefits, and the shortfall is growing. Investment results are good 10% in the past 10 years. The shortfall is mostly the result of a cut to state contributions to the fund. In 1995, the State of Texas cut its contribution to 6% of employee pay from the previous 7.31%. .] Also, teachers and state employees are retiring at an increasing rate.

\*\*THE SHORT FALL IS CAUSED IN PART BECAUSE THE LEGISLATURE 2 SESSIONS AGO RAISED THE MULTIPLIER AND INCREASED BENEFITS AND LOWERED THE RETIREMENT AGE TO THE RULE OF 80 - AGE+YEARS OF SERVICE THUS ADDING ADDITIONAL LIABILITIES TO THE SYSTEM.] Also, teachers and

Cuts to benefits for retirees and raising the retirement age for full benefits are both under consideration. \*\*BUT NOT SERIOUSLY

- A Senate bill has been introduced to partially address this problem

THE SO CALLED “SHORTFALL”&IS FROM A FIVE YEAR SMOOTHING TECHNIQUE FROM OUR ACTUARY. THE “SHORTFALL”: IS BECAUSE THE LOSSES DURING THE YEARS OF 2000 AND 2001 ARE JUST NOW BEING REALIZED, BUT IT DOES NOT ACCOUNT FOR (YET) THE GROWTH WE HAVE HAD FOR THE PAST 2 YEARS. IN FACT TRS HAS MORE MARKET VALUE NOW THAT EVER - SOME 91 BILLION $. NO ONE WILL LOSE RETIREMENT BENEFITS. BECAUSE THE LAW REQUIRES THAT WE BE ACTUARIALY SOUND -- MEANING WE MUST HAVE ENOUGH ON HAND TO PAY OUT ALL CURRENT AND FUTURE OBLIGATIONS
-- THEN WE ARE UNDER FUNDED. DUE TO THE SMOOTHING TECHNIQUE -- IT TAKES FIVE YEARS FOR THE GAINS TO THE FUND TO BE REALIZED AS WELL. THE SO CALLED INCREASES IN LOSSES ARE DUE THE ADDITIONAL YEARS TO “SMOOTH IN” PAST LOSSES.

WHAT THE SHORT FALL MEANS IS IF TRS HAD TO PAY RETIREMENT NOW TODAY FOR ALL OF THE TEACHERS CURRENTLY TEACHING WHO WILL BE RETIRING NOW AND FOR THE NEXT 30YEARS, TRS WOULD BE SHORT. FORTUNATELY, IT DOES NOT NEED TO.

FURTHERMORE, IT IS RARE THAT PUBLIC PENSION FUNDS ARE FULLY FUNDED. MOST WERE ONLY FULLY FUNDED (INCLUDING TEXAS TEACHERS) DURING THE BUBBLE OF THE LATE '90'S. TEXAS TEACHERS IS ONE OF THE BEST FUNDED PUBLIC PENSION FUNDS IN THE US.

BOTTOM LINE: NO TEACHER WILL FAIL TO RECEIVE THEIR BENEFITS. THERE MAY NOT BE ANY INCREASES OR BONUSES UNTIL ADDITIONAL REVENUE IS ON HAND -- BUT NO ONE WILL FAIL TO RECEIVE THEIR RETIREMENT.

2. Medical costs have been rising for both retirees and current
employees. For this reason, there are a number of proposals that would expect employees to pick up more of the costs. Some of the possible solutions under discussion:

- Require state workers with incomes of more than twice the federal
poverty rate to begin paying 10% of their health insurance costs.

- Require retirees to pay all of the health insurance costs for dependents, instead of the 50% now paid.

- Eliminate prescription drug benefits for Medicare-eligible retirees
and dependents, forcing retirees to switch to the Medicare drug plan. The state would then provide a portion of the costs of premiums, deductibles, and copayments for accessing Medicare D benefits.

- Curtail benefits for retires who return to work, such as longevity pay and vacation time.

- Implement a tiered coinsurance plan that links the amount a participant pays to the amount of his/her medical expenses.

- Amend the Insurance code to allow employees to waive basic health coverage in return for a monthly incentive of $60.00.

- Require state employees under 65(\*\*\*WHO RETIRE EARLY) to pay the state the equivalent of Medicare Part B premiums as their share of health insurance premiums.

\*\* THIS IS ONE OF THE BIGGEST COSTS TO HEALTH CARE INSURANCE FOR THE STATE -- IT IS BIG TIME FOR TRS. EARLY RETIREES ARE NOT YET ELIGIBLE FOR MEDICARE COST THE STATE A LOT MORE. SO COST SHIFTING WILL TAKE PLACE. THERE IS A NATIONAL PROPOSAL TO CUT OFF HEALTH CARE INSURANCE TO RETIREES SO THAT THEY (THE STATE -) COULD PICK UP MORE OF THE HEALTH CARE COSTS FOR THE EARLY RETIREES.

In addition, at the Federal level, staff members of the Joint Committee on Taxation have presented options for changing the tax treatment of pensions. This could mean a repeal of the employer pick up. Employee contributions would be included in income and would be considered wages for tax purposes a serious cut in benefits.

\*\*\*HEALTH CARE IS THE MOST IMPORTANT ITEM TO FOCUS ON, AND IS MORE OF A CONCERN FOR FACULTY THAN PENSION BENEFITS.

IF THEY DO RAISE THE CONTRIBUTION TO TRS -- IT WON'T BE THIS SESSION. PROBABLY IN 2 YEARS. WHEN AND IF THEY DO, ORP CONTRIBUTIONS SHOULD GO UP SOME TOO -- IF THEY KEEP THEM SIMILAR S THEY HAVE DONE IN THE PAST.

THE ONLY WORRY CONCERN WITH OUR PENSION PROGRAM IS THAT THERE MAY BE AN ATTEMPT TO DESTROY THE DEFINED BENEFIT PROGRAM AS THEY ARE IN OTHER STATES THIS WOULD FORCE EVERYONE IN TO A 401k - ORP PROGRAM. THERE ARE A LOT OF INSURANCE FOLKS THAT HAVE A LOT TO GAIN IN SELLING ANNUITIES TOSTATE WORKERS.

There are a number of suggestions as to possible “talking points for
Letters and emails to elected representatives, including the following:

- Faculty support efforts to raise the state contribution to the Teacher Retirement System to enable it to make payments to retirees as it is committed to do.

- Changes in health benefits that cause employees and retirees to have to shoulder more of the burden are a real reduction in wages. This is inappropriate at a time when Texas is not keeping up with wages in the teaching profession nationally.

- Teachers and state employees, as well as higher education employees have traditionally accepted lower wages than they might have earned in the private sector, because of their commitment to education. It is wrong and demoralizing to these employees to reduce the benefits that they have earned and were promised when they were hired.

- Investment in education is our best investment in the future of the
Texas economy. Any reduction in state supported benefits will make it harder to recruit and retain the best faculty and other employees.