

**FACULTY SENATE
EXECUTIVE COMMITTEE MEETING
June 19, 2019**

The Faculty Senate Executive Committee met on June 19, 2019 at 3 p.m. in the Boardroom of the University Club, Vice Chair David Owen presiding.

VOTING MEMBERS PRESENT

Krista Wallace-Boaz, David Owen, Enid Trucios-Haynes, Robert Barker, Roger Bradshaw, Reg Bruce, David Schultz, John Ferré

ALSO ATTENDING

Sabrina Collins (SGA rep), Ginger Brown (Staff Senate rep), Keith Sherman (UofL Foundation), Dawn Heinecken (AAUP rep)

VOTING MEMBERS NOT PRESENT

Diane Chlebowy, J.P. Mohsen, David Simpson, Sherri Brown, Roy Fuller

CALL TO ORDER

ACTION ITEM: Approval of the Minutes – Owen

As there was no quorum, the minutes from April and May were tabled until the August 21st meeting.

REPORT: Staff Senate – Brown

The Staff Senate held its elections on June 10th and John Smith, Andrew Grubb and Rhonda Gilliland were elected chair, voce chair and secretary-treasurer, respectively. HRAC reported that the Compensation Work Group had recommended hiring a consultant. There were questions about the 2% raise and if it would be a pool. The RIF report showed a trending down, but there is some concern with the age of those being RIFd.

REPORT: Faculty Senate Chair – Wallace-Boaz

Chair Wallace-Boaz thanked Vice Chair Owen for chairing the June meeting on HSC while she was out of town. The Board of Trustees meets tomorrow to approve the budget. She met with Michael Wade Smith and Staff Senate Chair John Smith to discuss shared governance ant to begin to codify what we all expect. There will be a committee with staff and faculty senators, SGA and AAUP reps, administrators and some board trustees. President Bendapudi said the 2% raise will be across the board and added to the base salary. A brief discussion took place regarding faculty raises as stated in The REDBOOK, they are to be based on merit. Chair Wallace-Boaz said this topic will be revisited.

PRESENTATION: Endowment Spend Policy - Sherman

UofL Foundation Director, Mr. Keith Sherman, attended today's meeting to explain the University's spending policy. He received some feedback from Dan Durbin's budget presentation and wanted to clarify the differences of carryover and spending. When he came to UofL in 2016, he was to figure out the problems and try to grow the endowment. What he

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found was that before 2014 unspent carryover in units was accumulating within the endowment to about \$80M-\$90M. The problem with that is that the money was earmarked which inflated the market value of the endowment accounts. The spending policy was calculated on the full amount and not on the amount less carryover. On June 30, 2017, a resolution was made to spend all the carryover. Units were given a spend of 4.09% and told to spend from their carryover first. If they needed more funds, they had to request an increase. Susan Howarth came to the Foundation and wanted all the carryover (about \$26M), which was not the agreement. The Foundation gave all the carryover to the University and only \$6M was spent. Currently, there is \$30M in carryover. And, we are no longer using the term "carryover". Each account has three sub-accounts – Book, Market and Spend. (Spend is now defined as past unspent and current allocation). Units can raise the market value by spending. Asked if it is true that units save for future spends that actually rarely happen, Mr. Sherman said that is true. Further, Mr. Sherman said that communications is part of the problem. He is not sure how units communicate on the spend policy. There seems to be a fear that units must hold onto funds or they may be swept away, when, in fact, releasing funds will increase the market value which in turn will increase the spend. People who benefit from the spend policy, chairs, etc., don't understand it. It may be a trust issue, but he is unsure how to work on that. He has met with the Deans and they understand it, but he is not sure how well it trickles down. In the past, funds were borrowed or spent, even against donors' wishes to about \$40M. Notes for IOUs were put in their place, but those debts could never be repaid, so they were written off. The president does not have an account, as most gifts are not designated to that office, but fundraising is done. On December 31st, we look at the past three years, get an average and get the spend rate from that information. In December 2018, there was a crash in the market which created a large reduction in the spend. From this, we decided for 2021, we will take a rolling twelve quarters instead of a three year average. The crash was the result of three things - the market crash, our carryover was included in the market value (when the carryover was removed, our market value dropped), and any account underwater more than 20% was not allowed to spend. May 2019 was the worst month in the market since he came to UofL. Mr. Sherman thinks the endowments can be fixed in one year, if done well. If not, it will take six to eight years to recover. All the information for each account is going online soon. A discussion took place on the use of gifts. Mr. Sherman asked for feedback from committee members.

REPORTS: STANDING COMMITTEES

- Academic Programs Committee (APC) – Barker
 - The proposal for a Certificate to Teach English as an International Language has some serious issues with Planning & Budget Committee that need to be addressed. The proposal was sent back for revisions. A proposal from Kent School was also sent back for revisions.
- Committee on Committees & Credentials (CCC) –
 - No report was made. Elections to fill seats will take place in September.
- Part-time Faculty Committee (PTF) – Fuller
 - No report was made.

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- Planning & Budget Committee (P&B) – Bruce
 - The committee reviewed the proposal for a certificate in teaching English as an International Language.
- REDBOOK Committee (RB) – Ferré
 - CEHD sent its revised bylaws. They need to be voted on by CEHD faculty. May come to the Senate in September.

OTHER COMMITTEE REPORTS

- Human Resources Advisory Committee (HRAC) – Trucios-Haynes
This committee has not met. A discussion of the Transgender Bathroom Policy took place. The decision is made on a unit by unit basis. Speed School has labeled every bathroom as transgender-friendly. The Library is debating what to do. A discussion on how the signage should look and if this should be a university-wide policy took place.

- Benefits Design Work Group – Schultz

This committee, chaired by Todd Kneale, has met twice and only discussed health insurance. Information from peer and public/government institutions were used for comparison. For the 2020 health plan, premiums will increase. There were three different scenarios and three different options:

- status quo with no changes (university pays)
- change some parts (employee pays)
- switch HSA to a high-deductible (split)

These changes come on the heels of the Humana Gym closing and Todd claims transparency. The faculty and staff representatives on the committee consistently push for broad input. It was suggested that all the options be rolled out to all faculty and all staff to get feedback. This is already in the budget and will be reported to the Board of Trustees in July. They are trying to get our numbers in line with national numbers. Some committee members asked of those numbers are in higher education or in companies.

ANNOUNCEMENTS

There will not be a meeting next week. Committee Chair Owen suggested a social meeting, instead. Details to follow.

ADJOURNMENT

The meeting was adjourned at 5:05 p.m.

Respectfully submitted,

Gretchen Henry