UNIVERSITY BENEFITS COMMITTEE

MINUTES: October 30, 2012 (10:00 am)

MEMBERS PRESENT: Meredith Ayers, Terry Borg, Cliff Bottigliero, Dennis Davito, Deborah Haliczzer, Brian May, Sue Mini, Pamela Rosenberg, Gina Shannon, Sherrie Spear

GUESTS: Steve Cunningham, Todd Latham, Dave Long

The meeting was called to order at 10:05.

Agenda item # I was a presentation by Vice President for Human Resources Steve Cunningham. Dr. Cunningham being expected early in the meeting but not immediately, agenda item # I was shelved for the moment, and agenda item # II (approve agenda; approve minutes of 9/6/12 meeting) was taken up.

Motion to approve agenda (motion made by G. Shannon; seconded by S. Mini). Approved (by unanimous voice-vote).

Motion to approve 9/6/12 minutes (G. Shannon; S. Spear). Approved (unanimous)

Agenda item # III, Old Business was taken up next. We began with III.C, an insurance and benefits update. Raised first and quickly exhausted was the question of the required forms matrix, a document that lists all hiring paperwork for all categories of hiring. The issue of rehiring retirees (policies governing such having been decided recently in HB #4996) then resurfaced (it was discussed at some length at the 9/13 meeting). It was reported that our NIU committee charged with developing the university’s plan to comply with HB4996 met with representatives from SURS, and sought clarification of certain important policies (so as to avoid penalties) as well as more general information regarding how the new plan will work. Evidently the state will not be providing institutions like NIU with such potentially crucial pieces of information as whether or not a potential hire is receiving a SURS annuity.

Steven Cunningham (hereafter “SC”) arriving at 10:11, item # III was interrupted so that we could take up item # I. After introductions, Mr. Cunningham began speaking on pension reform, generally, and HB# 4996, our recent topic, in particular.

Having praised the work of the group of Higher Ed. collaborators, SC reported that a complex and productive sequence of meetings have had the effect of stalling—temporarily—some of the legislation proposed in the consequential 2012 session of the General Assembly. SC noted that HB # 1673, a “moving bill,” is the first new pension reform measure to impose on employees a forced choice. He reported spokespersons commented that a forced choice is no choice at all. It has been argued that “#1673 cannot possibly be the best of all possible plans.” The upshot is that Higher Ed wants some better plan (more moderate, yet still controlling costs [saving 2.2 billion, 25% of the annual unfunded liability payout], and one that will probably involve a cost shift which Higher Ed now opposes but to which it agreed originally) on the table, and soon (by Jan., 2013); #1673 will probably pass in the lame-duck session in early January (post Nov. elections, pre- new assembly). The goal is to retain employee choice as much as possible, making up what is needed out of small adjustments here and there, thereby “lessening the damage” (SC).

SC then turned to HB # 4996, which forbids an institution from paying a retiree more than 40% of his or her highest year-earnings — upon sizable penalty (the offending institution must pay the annuity for the year in question). The question arose: how do we determine the highest year-earnings? Include vacation bump? COMP-time payments? “Yes,” replied SC, though SURS limits the annuity to no more than 20% above the yearly salary for the year immediately preceding retirement. As SC noted, we need a database that we can consult when deciding whether to rehire a particular retiree; barring that, perhaps retirees seeking to be re-hired should have to sign an affidavit listing all SURS-covered employment. One member wondered whether there were not subtle problems with # 4996 (“can someone cash out the annuity, take a refund of contributions and get clear of SURS—then come back and be rehired without penalty?”).
One member asked SC to discuss possible effects of the passing (and implementing, should President Obama be reelected) of so-called “Obamacare.” Will there be significant effects? “Yes,” replied SC. Many employees might choose to keep the COLA, and buy Medi-GAP Medicare supplement and forego the state health insurance, in effect rolling the dice. Borg wondered, “What of the 80- billion arrears? What steps will be taken to address existing state debt?” SC: “We cannot cut our way out of this, though we can chip away… many options exist… it’s not as acute a problem as it may seem.”

D. Haliczer asked SC to address the issue of HB # 49, a constitutional amendment (the addition of a “section 5.1” to Article XIII of the Illinois Constitution) on the Nov. ballot, the ostensible gist of which is to require a 3/5ths majority of both houses to pass any measure entailing “a benefit increase under any pension or retirement system of the State.” SC thought the amendment unlikely to pass, the twain meeting (one group believing HB49 not stringent enough as a measure to limit benefit increases, another fearing what may lie in the small print that may enable legislators more easily to limit benefit increases). Haliczer noted the desirability, as given voice by the Annuitants Association, that the campus populace be educated about the possible ramifications of HB49. It was noted that such education should not include advice on how to vote—rather, on the question of what precisely is up for a vote.

[SC departed at 10:55, as did M. Ayers.]

The conversation about how to educate the university community re HB # 49 continued. Borg: “Is it now (10/30) too late, given early voting?” (Most haven’t yet voted). B. May: “via e-mail?” (No). D. Haliczer noted that she would be attending the upcoming SPS meeting and speaking as chair of this (UB) committee: which is to say, educationally, and all members were encouraged to speak with colleagues about the issue.

[Todd Latham, President of the SPS Council, arrived at 11:13.]

Agenda item # V arose: our next meeting date? 11/29 was decided upon as a suitable date, one which would leave three weeks before semester’s end for members of the UBC to engage in their educational mission (re pension reform in general and HB # 1673 and the expected “January crisis” in particular).

Back to agenda item # III.C. D. Davito mentioned a couple of changes to 403b and 457 plans contribution limits for 2013—and the fact that such changes had been announced through campus.

On to agenda item # III.E, “Other Old Business.” D. Haliczer mentioned how III.E.1 (“Operating Staff Council/ APAC proposal for vacation accrual”) and III.E.2 (“SPS Council temporary SPS staff proposal”) were now on the docket (and “on SC’s desk”) at HR but that HR has experienced delays in researching for new proposals of many kinds due to the volume of work. HR has managed to look closely at III.E.2; progress is being made. T. Latham and C. Bottiglierio wondered whether true progress is being made.

III.D, reprise (HB # 4996): T. Latham reported that President Peters had taken up the question of rehiring retirees and had expressed support for this measure as a means of addressing staffing problems arising from mass retirements, retrenchments, rescissions, and the rest. D. Davito described some of the new personnel phenomena arising in the current climate of cutbacks and austerity (for example, some folks now wish to retire because they cannot get vacation – no one to cover for them-- or they will not take it, knowing what they will face when they return). Work-loads have in general increased, and one may observe a new and disturbing species of demoralization. These topics were discussed at some length.

At 11:57 a motion to adjourn was made and seconded (T. Borg; C. Bottiglierio).

Respectfully submitted,

Brian May