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the WMU
AAUP



Advocate

at Western Michigan University

Some Concerns about Tenure

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Sciences*

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Fine Arts

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Health & Human Services

Sandra Glista

On multiple occasions during the last 10+ years, events in the College of Aviation have required the Chapter's attention because they have raised issues both about our *Agreement* ("the Contract") with Western, and about the basic principles for which the AAUP is a strong advocate: academic freedom, tenure, and shared governance. Current events raise serious questions about tenure.

One preliminary issue arises out of granting tenure to a new appointee. With tenure, any new appointee would become a member of the bargaining unit, and so we would represent that member in relation to any dealings with the administration. Our Chapter is not opposed to gaining a member of our bargaining unit.

Nor would we dispute the right of any department's faculty, following their standard procedures for granting tenure, to vote in favor of tenure for someone who is, or is about to become, a member of their department. We support that right.

The Meaning of Tenure

Our real concern is with the meaning of tenure. Tenure signifies the consensus by our academic colleagues that over a period of time, all of us have lived up to the standards of membership in the community of scholars.

Granting tenure to a new faculty member at the point of entry into our community is most appropriate when that fac-

It is the experience of our Officers, from observing many instances and participating in them ourselves, that when a faculty member with rank and tenure at another institution joins us at Western, it is normal for that person to spend at least a year or two with us before tenure is conferred here. While many of us would agree that there are instances when exceptions are warranted, Western's current practice seems to be both judicious and just.

We become uncomfortable when tenure functions as a prerequisite of employment, with the same status as salary or other benefits. This devalues tenure as one of the key components of faculty participation in the governance of the university.

Eligibility for Tenure

A more pressing cluster of fundamental issues about the meaning of tenure – with broad implications for all of us in the academy – arises out of the questioning this year, in the College of Aviation, of the right of our fellow faculty members to be eligible for tenure.

Our official 2005-2008 *Agreement* allows, in **Article 14**, for four Types of Appointment: (1) one-year renewable term; (2) grant/contract; (3) tenure-track; and (4) tenured. The one-year renewable term role, by contractual definition (**Article 14.§2.1**), is a temporary position to be "used for leave-of-absence, sabbatical leave and emergency replacements and for temporary instruc-

category on one-year renewable term appointments. In their fourth consecutive year, each of their positions "shall be evaluated and considered for conversion to a tenure-track position" (**Article 14.§2.1**).

Over a period of time during this academic year, administrators in the College of Aviation have presented the term-appointed Aviation Specialists with multiple arguments for why Aviation Specialists should not be eligible for tenure. This assertion in and of itself is a violation of our *Agreement* which says, in **20.§2.1**:

"Faculty specialists may obtain tenure through the procedures listed in **Article 17**."

This is perfectly clear, and not open to judgmental interpretation: Aviation Specialists, as Faculty Specialists, may obtain tenure. Despite this clarity, a line of argument has been pursued, with increasing specificity, to persuade the Aviation Specialists that they should not be tenurable.

Tenure and Certifications

The line of argument begins with the point that there are regulations that govern the Aviation curriculum. This issue, however, has already been pre-adjudicated in the *Agreement* in **Article 20.§4.4**:

"The aviation specialist has an appointment in the College of Aviation and provides instruction in an aviation discipline (including, but not limited to, flight, ground, simulator and engineering). This is done in accordance with an approved syllabus that is in compliance with FAA regulations."

The language in the *Agreement* is explicit for a reason: FAA regulations constitute a unique working condition about which the WMU-AAUP and Western have already negotiated an understanding. Our *Agreement* with Western recognizes this working condition and allows Aviation Specialists to receive ten-

ure.

However, the argument about how FAA regulations can trump tenurability has been pursued along two other avenues of great concern to the AAUP: academic freedom, and post-tenure review. Let's take them in order.

It has been asserted to the Aviation Specialists that two factors -- the regulations that govern their curriculum, and their need for ongoing licensure (pilot's license) -- render the concept of academic freedom inapplicable to them. Therefore,

Faculty specialists may obtain tenure through the procedures listed in Article 17.

because they cannot have academic freedom, they cannot have tenure.

The WMU AAUP's Stance on Certification

Our response includes these three points.

1. The *Agreement* allows Aviation Specialists to receive tenure and no administrator's opinion to the contrary can negate that.
2. Faculty in every department and program area in the university have standards from professional and governmental bodies that govern what they do, including many characteristics of their curricula, if they want their programs to retain accreditation. All of us live by those standards, and we are all eligible for tenure.
3. What Aviation Specialists do in

their instructional roles is most directly comparable to our clinical faculty in other university programs. All of those faculty are eligible for tenure, as they should be. Professional accreditation standards, and the need for professional qualifications, simply do not invalidate a faculty member's right to tenure.

Speaking for the WMU AAUP?

It has also been asserted to the Aviation Specialists that these same two factors -- the regulations that govern their curriculum, and their need for ongoing licensure, which includes periodic evaluation -- constitute a form of post-tenure review, and further, because the WMU-AAUP would not allow this necessary post-tenure review, these faculty members cannot have tenure. In other words, College of Aviation administrators have actually been standing up for the WMU-AAUP in telling our members that they are not really eligible for tenure because the WMU-AAUP would not allow them to maintain their qualifications.

We are grateful for all of the support that our Chapter can get. However, administrators need not take on the added responsibility of speaking for the WMU-AAUP regarding our position on tenurability. In any case, the post-tenure review argument is misguided rationalization. The *Agreement* already recognizes, and allows for, all of the FAA and licensure conditions as validly related to the ability of the Aviation Specialists to do their job: They must maintain their professional qualifications. The *Agreement* also allows these faculty members to be eligible for tenure. End of discussion.

It is tempting to me to conclude that before embarking on the line of argument about tenurability that's been taken in the College of Aviation, someone studied the conditions already laid out in the *Agreement* and then set out to misrepresent them quite specifically, both

about their meaning and their validity. Why would anyone want to misrepresent the *Agreement*, systematically, to our Aviation Specialist members?

Changing Appointment Types

It is a matter of public record that during the week of February 6, 2006, the chair in the College of Aviation conducted a vote of the faculty about creating a new appointment type -- without tenure -- that would be used for the Aviation Specialists once they were no longer on one-year renewable term appointments. The vote was taken only after the campaign that attacked their tenurability.

This vote itself, independent of the campaign, constitutes a violation of the *Agreement*. The *Agreement* is completely explicit about this exact situation:

Article 14. §3 CHANGE IN APPOINTMENT TYPE: The Office of the Provost will make no changes in the existing appointment types for members of the bargaining unit without first contacting the Chapter, explaining what is planned and why, and consulting with the Chapter on the proposed changes.

There has been no such contact with us; there must be such contact first before any discussions of change in appointment types can take place. This is not a restriction that has been placed on the faculty. This is a significant protection of faculty rights that has already been fought for and won, and guaranteed in the *Agreement*. We will not give it up.

Whether the Aviation chair acted as an independent agent, or on the instructions of the dean, or anyone else, there is simply no getting around this point: The administration of the College of Aviation has willfully, over a period of time, engaged in concerted violations of the *Agreement*. Your *Agreement*. Our

Agreement.

It is our duty in the Chapter, as the representative of the faculty in the College of Aviation, and as the representative of the entire faculty of Western Michigan University, to stand against this.

Our Position

Our position remains the same. We are asking President Bailey and Provost Delene to repudiate the actions of the chair and the dean of the College of Aviation, and to instruct them to cease and desist all violations of the *Agreement*.

Let me now return to the fundamental issues about tenure. Post-tenure review is not allowed for in our *Agreement*. Nobody that I've spoken with has any interest in it. The Chapter is not interested in negotiating post-tenure review, nor will we instigate it. We are, in fact and in reality, opposed to it. It is not now, nor will it be, a factor in anyone's tenure or tenurability.

There is, however, a key point to be noted: An attack has been made on tenure in general, in a way that further devalues the granting and holding of tenure, beyond the demeaning concept of tenure as a perk in a compensation package. That attack resides in the assertion that having to live by standards, whether from professional associations or from governmental bodies, renders a faculty member incapable of academic freedom, and therefore ineligible for tenure.

This argument is both ill-formed and shallow. Any administrators who have advocated this argument need to think through the phenomenology of standards.

Where do professional associations and governmental policy making bodies get their standards? From highly qualified experts and scholars like us, who participate as pro-

fessionals in shared and self governance. It is our own capability of developing standards that we will live by, most typically by consensus models -- in other words, through effective participation in the community of scholars -- that actually renders the

Governing by the Governed: A Perspective on Shared Academic Governance.

John Jellies
WMU-AAUP Executive
Committee Member;
WMU-AAUP Secretary;
Vice President, Senate

Governance in a Higher Education setting may serve several purposes. The AAUP mission is specifically to advance both academic freedom and **shared** governance. **Article 24** of our *Agreement* specifically recognizes the Senate as the governing body for all faculty matters not covered directly by collective bargaining. Yet, at the same time, the WMU-AAUP is an **advocacy** organization in its own right, in addition to being the sole collective bargaining agent for WMU faculty. So, what does governance mean and what does it mean to share it? What is not part of governance however much we might like it to be? I hope to write a few short articles that might address some of the developing issues over time. Today I am presenting something of a framework.

How we choose to view ourselves is a large part of how we view shared governance, and *vice versa*. The Chapter shares responsibilities and authority with the Senate (a body with faculty and administrators). The faculty shares responsibilities with the administration. Is the administration

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Are any of us sharing responsibilities and authority with the students?

I often encounter the attitude (that I share by the way) that shared academic governance relates to self-governance or self-determination. This may be an ideal, but in the context of our current structure **it is a fallacy** to be avoided lest we delude ourselves into thinking otherwise. While we may strive to participate to the fullest extent possible in academic governance, in some important ways, we must recognize that we are governed rather than governing.

Yet, we are not helpless at all. We have avenues available to us as faculty to make our collective voices and opinions known. While we may be frustrated at times with whether our recommendations seem to be heard, or incorporated into implemented policy, the very least that we must do is embrace both the Senate and the Chapter as viable avenues. It is through both that we also may explore enhancing our role and participating more fully in framing the direction of the institution, influencing priorities and coming to grips with sometimes harsh realities. For clarity, I'll summarize some features of our Senate so perhaps we can see how we might be able to enhance its operation as one of the avenues for participatory governance.

Our Senate had its constitution last ratified by the Board of Trustees in 1979. It is composed of elected members of the rank of Instructor or higher as well as a number of *ex officio* and appointed members. Administrators may be voting members. Therefore, our model is actually a hybrid of what the AAUP terms an "institutional senate" and a "faculty senate." Our stated purpose (from the constitution) is to "...formulate, review and give advice on policies and other matters of concern to the university." Note, **advice** is the most relevant word from an operational standpoint. The Senate **does not advise and consent**, it advises. The powers of the Senate are also clearly stated in the constitution. We are authorized to "...study and recommend action or policy..." as well as to "...review actions of or proposals from other bodies or individuals for the purpose of formulating Senate recommendations." So although this purely advising role may seem rather dilute and thin, it offers a variety of opportunities for faculty to discuss, question and publicly debate all manner of issues **not directly reserved** by our collective bargaining agreement.

Usually we emphasize that in the Senate we should not touch on issues related to the Chapter's prerogatives, but this limitation ideally works in two directions. The Chapter cannot use the Senate to extend beyond the *Agreement* to perhaps infringe managements rights. I suggest that it also means that the administration cannot use the venue provided by the Senate to claim academic governance concerns as part of management rights. How well this works depends a great deal on our collective participation.

The simultaneous presence of both a Senate and an AAUP Chapter provide our faculty with substantial and significant opportunities to participate in governance. In order to

enhance the value of this for us, our students, and the community there are some things we could work toward in the nearer future:

First, any sensible advice must be well informed. We simply must have detailed, clear and transparent data about anything relevant to the topic at hand. This may include financial data, not just summary budgetary priorities seen as colorful pie charts. Our advice, to be meaningful, should come **before** the priorities have been set in budgets at which we then can simply nod our heads. With a clear understanding of revenues, obligations, and financial challenges, we would be better able to formulate sound advice. This would not impinge on management rights to set those priorities; it merely recognizes that any advice based on a vacuum of information will have comparable validity. Another example of useful data is in enrollment and retention. Perhaps if the Senate had ongoing, undigested, accurate and detailed tracking data for student enrollment: we could participate in deciding for ourselves what it might mean, and give advice or formulate policy recommendations accordingly.

A second way we might seek enhanced participation is to resist the urge to establish duplicative, parallel committees and task forces to address issues that should invite active Senate participation. Whether it is a select panel of chosen few "stakeholders" or focus groups, I suggest that attempts to create more and more complex structure actually reduce and limit faculty involvement. If we want to define our mission, our plans, our goals then it is **we** that should do so. Not we as represented by an arbitrarily appointed group, but we as represented in the Senate established for that purpose. The Senate has in place councils and committees that have overlapping ranges of responsibilities. Let's pay attention and

participate, at least to the extent that we can as individuals to nurture and guide our institution.

I share the desire of many of my colleagues who tell me they really just want to be left alone to do what they love to do. This would be easy if each of us were in 100% agreement, 100% of the time about what was needed to make that happen. As in any diverse community, we are not. So in my view shared governance, where rights, responsibilities, and authority are openly shared amongst all the parties in mutually agreed ways must be one of our collective goals. Faculty, with their devotion to students, instruction, research and creative activities, and service to the community are the institutional heart and mind of the university. Strengthening both the Chapter and the Senate to facili-

CAGO Report

Michael Miller
Contract Administrator

Jon Neil
Grievance Officer

Contract Administration Fall 2005

For the Fall semester 2005 we have compiled a list of contract articles that the Contract Administrator (or in some cases, the Grievance Officer) counseled bargaining-unit members on. Most of these consultations amounted to clarifying or interpreting articles for bargaining-unit members. Other times, we advocated for the bargaining-unit member and defended his or her contractual rights. By keeping a record of these contacts, we hope to gain more insight into the importance of certain articles to the faculty. This should help us to better represent the faculty and to prepare for future negotiations.

The following is a list of the issues that the Contract Administrator was frequently asked to address:

- Classroom visitations
- Department Policy Statements
- Departmental transfers
- E-Learning courses
- Faculty Specialists (workload, rehiring, advising)
- FMLA leave
- Healthcare reimbursement
- Medical leave
- PARs
- Patents
- Professional conduct
- Retirement (reduction of workload, benefits)
- Sabbatical Leave
- Salary adjustments

- Sick leave
- SRC fees
- Supplemental Retirement Benefit
- Tenure/promotion (stopping the clock, criteria, appeals)
- Workload of the faculty

Over the past two months, the Contract Administrator has consulted or met with a number of department representatives regarding the workload provisions in their Departmental Policy Statements. Getting these changes through the approval process will be at the top of his agenda for this semester.

In addition, the Contract Administrator has met with Dr. Jay Wood (Director of Academic Collective Bargaining and Contract Administration and Associate Vice President for Academic Affairs) approximately 2 times per month to address the complaints and concerns of our members. We believe that these meetings have been profitable for our members and the Chapter, and therefore, we plan on continuing them. In most instances, we have been very successful in resolving problems without filing grievances. However, when a more aggressive and confrontational approach has been necessary, we have been more than willing to adopt this stance.

Grievances Filed Fall 2005

This past semester a total of four grievances were filed. All four were individual grievances.

Grievance 1

A grievance was filed against an administrator holding academic rank alleging professional misconduct. This grievance has been denied at Step One. The administration's position is that administrators are not subject to **Article 21** (the basis for this grievance) and therefore, the faculty member's complaint should

WMU-AAUP Officers' Hours*

Paul Wilson

President

Monday 10:00am-3:30pm

Wednesday 1:00pm-

3:30pm

Friday 1:00pm-3:00pm

Michael G. Miller

Contract Administrator

Thursday 10:00am-3:00pm

Friday 10:00am-3:00pm

Jon Neill

Grievance Officer

Monday 9:00am-10:00am

Tuesday 9:30am-11:45am &

1:00pm-3:30pm

Thursday 9:30am-11:45am &

1:00pm-3:30pm

Alan Rea

Information Officer

Monday 12:00noon-3:30pm

Thursday 2:30pm-4:30pm

be addressed according to the procedures set forth in the Employee Handbook.

The Chapter leadership is concerned by the administration's response to this grievance. The fact is that since 1993, a total of 14 grievances have been filed against administrators holding academic rank (chairs and deans) alleging professional misconduct detrimental to bargaining-unit members. Moreover, in several cases there have been informal settlements, or the grievance has been remedied by the administration.

Due to the administration's disregard for the grievance process in this matter, the Executive Committee approved a request from the Chapter's Officers that our attorneys be instructed to file an unfair labor practice against the administration. However, that has yet to be done since the administration has, surprisingly, agreed to have this individual's grievance mediated. Because prior to filing his grievance the faculty member had asked the administration to mediate his dispute, this individual is willing to go to mediation. Therefore, we are holding off on filing an unfair labor practice over the administration's handling of this dispute.

Grievance 2

Another grievance was filed on the basis of **Article 21**. This grievance alleged professional misconduct by a chair. This grievance has been resolved to the faculty member's satisfaction. Note that the administration's response to this grievance further weakens the position it has taken in regards to the grievance described in Grievance 1.

Grievance 3

A grievance has been filed alleging that the administration has violated **Article 33: Health Care Benefits and Insurance**. The Chapter's allegation in this grievance is that the

administration has failed to pay for services which, according to plan documents, should be covered at 100%. The administration has denied the grievance at Step One and in early February a Step Two conference was held.

The administration's conduct in this matter is much to its discredit. Briefly, the faculty member was referred out of the network by a network provider and thought that because there was a referral, the services would be covered at 100%. However, a referral only entitles a faculty member to reimbursement amounting to 100% of what is *usual and customary* in the view of BCBS. Unfortunately, in this case the out-of-network provider's fees were substantially higher than what BCBS deems usual and customary for the services provided. The faculty member is being held responsible for the difference (thousands of dollars).

The irony here is that if the faculty member had not been induced to obtain a referral by the promise of 100% coverage, the expenses would have been subject to the \$2,000 out-of-pocket maximum. If the out-of-pocket maximum were applied, the faculty member's liability for these expenses would be considerably reduced. This strikes the Chapter as unconscionable behavior.

Grievance 4

A faculty member has recently filed a grievance alleging violation of **Article 42: Workload**. This individual's department does not have a policy statement that addresses how teaching loads will be reduced for research and service. Over the past decade (or more), this person was given a 3-credit hour reduction in teaching load **each** semester, ostensibly for the service (primarily undergraduate advising) provided to the department. However, in the Fall the chair indicated that this

academic year only a 3-credit hour reduction in teaching load in the Fall semester would be given. We think that past practice as defined by Michigan case law makes this decision a violation of **Article 42**.

The faculty member's grievance has been denied at Step One and undoubtedly will be denied at Step Two. Therefore, this grievance may present us with a case for determining how past practice can be used to protect bargaining-unit members from willful and capricious decisions by administrators.

Other Business

Two grievances were filed last spring over tenure decisions, one of which was a Chapter grievance. The allegation in both cases was that the tenure review had not been fair. Both cases were denied at Step One and taken to Step Two. Due to the fact that the administration's Contract Administrator served as co-chief negotiator for the administration during negotiations, re-

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Waste at State Universities in Michigan?

Galen Alessi, Ph.D.
Professor, Psychology

Many faculty members have read the January 26 article in the *Detroit Free Press* headlined: "Waste at State Universities"¹.

I went to the website where the Michigan audits of state universities are posted². All the university audits were generally positive and concluded that all the audited state universities met overall audit criteria. Each audit, however, listed a few areas in which a given university might improve practices. Any good audit should point out some areas for improvement.

What the *Detroit Free Press* journalist seems to have done is review all the generally positive audits and culled only the problems. Stringing together these negative comments, while ignoring the overall positive nature of all the reviews, gives the reader the misguided impression that Michigan universities are rife with waste and mismanagement. This is quite the opposite of the conclusions reached by reading all the audits in their entirety.

For example, problems centrally featured in the *Detroit Free Press* article point out that several universities had not received faculty reports that are required to be filed after returning from Sabbatical Leaves. Although this likely is a real problem, it is not a serious problem placed in the context of very real and serious problems facing Michigan universities today, such as substantial reductions in state support for higher education over the past several years. One might conclude that if these types of problems were the most serious one the auditors could identify, then the state of

All the university audits were generally positive and concluded that all the audited state universities met overall audit criteria.

Michigan universities is in fairly good shape in terms of judicious management.

Another finding of the audits was that universities have not developed clear criteria for building each faculty member's workload, which requires balancing classroom teaching with non-classroom teaching, research and writing requirements for tenure, promotion and merit awards, conference attendances with required travel, administrative and professional service duties to the university and various professional societies, advising, mentoring, labs, clinics, studios, practica, internships, etc. Moreover, many of these tasks are not interchangeable among faculty members, due to highly specialized skills, making generic workload guidelines even less practical. We all know the challenge involved in creating generic criteria even within a department.

The auditors should have discovered that at a university with 1,000 faculty, there could be well over 300 individual job or workload descriptions. In a large manufacturing plant, among 1,000 workers, there might be, surprisingly, only a dozen or so individual line job descriptions. At the central administration levels, there can be only general rules for building individual faculty workloads. More specific rules for defining workloads might be found

at the department or program level. University administrators have struggled with this problem for at least the past 60 years, without success, trying to develop a set of simple, generic rules for building such a wide variety of workloads. Most likely the struggle will continue and is more indicative of the university setting than any form of mismanagement.

Negative press about university mismanagement occurs in predictable cycles, tied to economic recessions and resulting severe strains on legislatures and governors trying to fund higher education. University funding is not "mandated" as are many other state programs. So university funding often winds up being the only place budget cuts can be made, legally. We saw similar negative press in the recessions of 1974-75, 1980-82, and 1990-92.

As the state cuts non-mandated university budgets to protect funding for mandated programs, universities raise tuition in order to maintain the quality of programs, to protect national stature and reputations--which students, parents, and alumni expect to be maintained--to preserve the value of their hard-earned diplomas. As university stature and reputation declines, the value of these degrees granted also declines.

Over the past 30 years, state cutbacks have reduced the proportion paid by states for public higher education from about 70-75% in the late 1960s, to about 30-40% today. To backfill the loss of state funding, while maintaining program quality, tuition has risen to pay for 60-70% of a public college education today, up from 25-30% in the 1960s. Tuition has had to rise at twice the rate of CPI inflation, as well as twice the rate of increases in faculty salaries, in order to replace lost state funding.

When legislators cut non-mandated university spending, and parents

and constituents complain about the loss of programs and increasing tuition, there apparently are two political solutions: (a) redirect state budget priorities to restore university funding, or (b) mount a campaign to blame the universities for raising tuition.

Over the past 30 years, during times of recession and reduced discretionary funds, political strategists have chosen the path of blaming funding problems on perceived "waste" at universities rather than the genuine issue of decreased commitment to public funding for higher education, which is a long-term trend. This deflects responsibility for the funding problems from the legislature and onto the universities.

In this election year, with tough economic times in Michigan, I hope the *Detroit Free Press* article is not the first sign of a political campaign being mounted to shift state budgetary

An Elegant Road Map to your Financial Independence

A. D. Issa, CFP, CDFIA¹
Emeritus Professor of Finance

The retirement seminar scheduled for the Fall Semester of 2006 will be our nineteenth. So far, over 450 faculty and staff have taken advantage of it. And they tell us that "their lives have never been the same." We have no reason to argue.

The Seminar is a thorough presentation of the key issues that tend to impact your life before and during your retirement years. It forces you to identify and prioritize your goals so you can live your life the best way you can.

In the Seminar we discuss the steps you need to undertake to tidy up your financial house and reduce your stress. We also highlight the need to

establish a financial plan firmly grounded on a sound risk management program that will protect you and yours in case of unexpected life adversities: death, disability, or chronic illness. To protect against the last, we give you some pointers as to when, why, how, and where you should buy long-term care insurance (LTCI) tailored to your unique circumstances. We explain to you how you should let your grown children buy it for you. LTCI maximizes their own inheritance and relieves them from having to pay for your nursing home should you need one.

It is a given that preparing for retirement should start long before you exit Western. And the sooner you start the better off you will be. Remember that age 65 was established as the normal retirement age during Bismarck's time when people checked out soon before or soon after attaining that age. Now, 65 is the beginning of the third stretch of your life as you and/or your partner may live on to age 95 or even join the fast growing "Centenarian Club." To fund that stretch requires thoughtful preparation to combat the two daunting risks you may have to face: the risk of your outliving your money and its inverse--the risk of your money outliving you. The latter is manifested by you living frugally--way below your means--and leaving money behind when you should have enjoyed it. We show you how to deal with both of these issues sensibly.

We walk you through the three stages of your life--accumulation, preservation, distribution. First and foremost we help you design a long-term investment strategy. We explain *asset allocation*, *asset location* and *international diversification* and the importance of each in the formation of your investment strategy. We bypass modern portfolio theory's theoretical underpinnings and focus on its practical applications and the most important investment lessons

you need to learn. We explain how simply adding more stocks or more funds to your portfolio may not be in your best interest. We also explain why a "good" portfolio is not simply a collection of "good" stocks or "good" funds. You will be surprised by how many stocks, bonds, or funds you can shed from your investment portfolio without impairing its performance. Actually, the portfolio's performance may be enhanced by removing unnecessary duplication and clutter. Another lesson you learn is that you should be concerned with the big picture, your overall portfolio, and not with the risk of any specific asset classes when held alone.

Since the bulk of your retirement assets is probably in TIAA-CREF's custody, we take you for a guided tour to the TIAA-CREF village and its recently developed suburbia stopping at all its large mansions and little condos, describing their basic architectural design, their suitability and their level of steadfastness in the face of economic storms.

From there we head to Wall Street where we take you for yet another guided tour of the major brokerage houses, major banks, and the leading mutual fund families. First, we explain the difference between full-service brokers and discount brokers. We urge you to shun the former and reach out for the latter. We tell you why. Second, we distinguish between *load* and *no-load* funds dispatching the former to oblivion and favoring the latter. Among the no-load funds, we show you how to screen for the best on the basis of their costs--hidden and unhidden--leaving you with those no-load funds with the lowest cost, the lowest turnover, the most consistent performance, and maximum tax efficiency.

At the end of these two guided tours, we would have traversed nearly 75% of our elegant road map. So what's left you may ask. Well, the money you have stashed away needs to be (a) preserved and (b) distributed. So

our next challenge is to guide you through wealth preservation instruments namely, estate planning and long-term care insurance. We invite back our regular estate planning attorney, Robert Taylor², and allot him one hour to tell you why estate planning matters and how to go about creating an estate plan with all the trimmings. A good estate plan ensures that your financial legacy promotes your cherished values and causes. If done correctly, it may also protect your privacy and lower your taxes.

In the final phase of the seminar, we show you how to take your money out, at what speed and from where: from the *retirement jar* or from the *non-retirement jar*. Normally, we urge you to tap the non-retirement jar first; until you attain age 70½, that is. In the year you attain the age of 70½ or thereabout, Uncle Sam loses patience with you and requires that you start taking a minimum amount of money from your retirement jar each year. Failure to oblige incurs the government's wrath with a 50% penalty on the amount you short it. Fortunately, you don't have to take your money out all at once unless you want to; instead you can parcel your takeouts over approximately 25 years. This tends to soften your tax bite. However, if you get to age 70½ with a retirement jar brimming with cash, your minimum required distribution will be hefty. Your taxes will also be significant as your takeout will be taxed as *ordinary income*. Uncle Sam would not be sensitive to your plight. The government makes no distinction as to whether your accumulation in the retirement jar is attributable to contributions, dividend income, interest income, or capital gains. All will be considered ordinary income which is taxed at a rate higher than your long term capital gains. We elaborate on this topic in the Seminar.

In selecting an investment adviser, we counsel you to retain one with a philosophy based on total independ-

ence, accountability, due diligence, full disclosure, honesty, integrity, accessibility and, above all, a unique perspective cleansed from any potential conflict of interest with you, the client; someone who takes his/her fiduciary responsibility seriously and believes in the mantra that "*the best interest of the client is the only interest to be considered.*"

Finally, a retirement seminar would not be complete without a visit to the "Annuities Neighborhood"-- we have grown somewhat allergic to it. To be honest, this is not one of our favorite neighborhoods. Annuities are not easy to understand; some of them are not even understood by the brokers who peddle them. Aside from their high commission, administrative costs, and surrender charges, they tend to fail the suitability test, particularly for faculty who already have some annuities in TIAA-CREF and who can stash as much as they can save in their 403 (b) and 457(b) plans. The thing that we find quite puzzling is the stuffing of a variable annuity into an IRA. There is no justification for that except the maximization of the annuity salesman's commissions. Stashing an annuity within an IRA is like carrying two umbrellas when one is perfectly enough. If you are one of those who have been had, don't rush to the exit. Wait until we get a chance to explain.

In our expose above, we failed to mention two important topics that you may find of great interest: the first deals with housing and is normally presented by Dr. Tim Scheu³;

the second, presented by me, deals with Social Security.

Dr. Scheu's exciting presentation addresses the factors you ought to consider in choosing your housing arrangements during your "Golden Years." Among other things, he highlights the "downsizing" and "relocation" decisions that retirees have to face along with the tax implications stemming from such deci-

will receive \$255 from the Social Security Administration to cover your burial.

Finally, we sincerely hope that by reading this "breathtaking expose" of what goes on in our free of charge, two-hours a week, eight week long retirement seminar, you decide to join us. To do so all you have to do is to communicate your desire to Lori at the AAUP (345-0151). The Seminar will start on Wednesday, September 6, 2006 at 7:00 p.m. Seating is limited to twenty five (25) participants, including partners.

1 Dr. A.D. Issa earned his B.S., M.S. and Ph.D. degrees in Finance from the University of Illinois. He is a Certified Financial Planner and holds a Master of Science degree in Financial Planning. In 2003, he became a Certified Divorce Financial Analyst (CDFA).

Currently he is enjoying his new status as Emeritus Professor of Finance and full-time wealth manager. In 1986, he and his wife, Dulce, a pension analyst, launched Integrated Financial Planning (IFP). He came to IFP with a mix of academic and practical experience having taught Financial Management and Investment Portfolio Management for over forty years.

2 Mr. Robert Taylor is a 1974 graduate from WMU with a BBA in Accounting. He has a Juris Doctor from Detroit College of Law (1978); a CPA (1981); and a Master of Law in Taxation from Wayne State University Law School (2003). Bob is a member of the State Bar of Michigan and the Michigan Association of Certified Public Accountants. He has been assisting WMU faculty, administrators, and staff with their estate planning and other legal needs for almost 20 years.

3 Dr. Tim F. Scheu earned his BBA in Finance from the University of Notre Dame (1975), his M.S. and Ph.D. in Finance and Real Estate, from the University of Illinois (1983). He joined Western in 1985. Dr. Scheu is the owner of Appraisal Group II, Inc. which is an Independent Fee Appraiser and Consultant for Commercial and Residential Properties. He has served as a real estate consultant and appraiser for the State of Michigan, the City of Kalamazoo, and the City of South Haven as well as for a multitude of financial institutions and private entities in and around southwest Michigan. ■

Action Committees

*Jon Neil, Ph.D.
Chief Negotiator*

In order to educate ourselves about the University; to better inform our contract negotiators about conditions at the University and our faculty's interests and needs; and to increase participation by faculty in Union affairs, a proposal to turn the Action Committees that were formed prior to the last round of negotiations into standing committees has been brought to the Executive Committee (EC).

These committees will be made up of Association Council members (largely) with one EC member on each committee. Once the negotiation team is picked, each team member will be required to serve on one (or more) of these committees, to facilitate communication between the team and the committees.

The primary responsibility of each committee will be data collection and analysis. With EC oversight, each committee will also have the responsibility of polling faculty on questions and issues related to its area. The secondary responsibility of each committee will be to consider the implications of the data it presents for WMU-AAUP policy and future bargaining positions. Much of the data that the committee will be expected to collect is available through the Chapter's office staff. The Information Officer and Chief Negotiator will serve as the liaisons between the committees and the Chapter's staff.

Each committee will be charged with filing two reports with the Chapter: one at the halfway point of the Contract and one prior to the start of negotiations. These reports will be made available to all bargaining-unit members. Subsequent to receiving the report, the EC will schedule meetings for the purpose of considering the implications of the data gathered

by the committee. The members of the committee will be invited to participate in those discussions.

There will be five committees. The purviews of these five committees will be compensation, university finances, fringe benefits, workload, and political action.

Charges of the Committees

Compensation Committee: This committee will be responsible for gathering, summarizing, and analyzing data on faculty salaries. It will also be expected to gather comparable data from institutions similar to WMU:

1. aggregate salaries of faculty, by rank
2. average salaries of faculty, by rank
3. aggregate salaries of other employee groups
4. average salaries of other employee groups
5. number of employees, by employee group
6. number of retirees eligible for benefits, by employee group
7. earnings of college graduates (some college, BA, MA, professional, PhD)
8. aggregate faculty compensation
9. aggregate faculty compensation as a percentage of operating expenses
10. aggregate faculty compensation as a percentage of tuition revenues comparable data from other universities (specifically, 1, 2, 8, 9, and 10)

This data should be collected for each of the four years preceding the report. Salary data should be reported in current dollars and in constant dollars.

Finance Committee: This committee will be responsible for gathering, summarizing, analyzing data from the University's budget and annual audit. It will also be expected to collect data on lines in the state budget:

1. annual budget, total and by key components

2. tuition revenues
3. money put into investments by WMU annually
4. money in the WMU Foundation
5. gross state product
6. aggregate state income state tax revenues

Fringe Benefits Committee: This committee will gather data related to health care and other fringe benefits:

1. average prices of medical services, medical commodities, and drugs, nationally and regionally
2. average price of a health insurance policy, nationally and regionally
3. spending on health care by WMU, by employee group
4. spending on specific services and drugs by WMU, by employee group
5. cost of health insurance to employees
6. number of people provided health insurance by WMU, by employee group
7. number of people with single, double, and family coverage, by employee group
8. use of services by employees types of services used by faculty and other employee groups

Workload Committee: The purpose of this committee is to keep the Chapter informed regarding the work that members of the bargaining unit are doing:

1. number of board appointed faculty: tenured, tenure track, and term
2. number of faculty by rank
3. number of part-time faculty
4. number of courses taught, by level (graduate vs. undergraduate)
5. number of courses taught by type of faculty
6. number of courses taught by graduate students
7. number of FTE undergraduates
8. number of FTE graduate students
9. number of university committees on which faculty serve
10. number of faculty serving on university committees
11. number of standing and ad hoc committees, by department
12. number of degree programs, undergraduate and graduate
13. student credit hours, by department

14. number of faculty, by department, rank, and status
15. number of faculty working on grants
16. number of grant applications filed by faculty

Advocacy Committee: This committee will be responsible for raising the political awareness of faculty. The members of this committee will be expected to keep faculty informed of initiatives in the state legislature with the purpose of, or potential to, affect post-secondary education in the state. It would also be charged with rallying the membership when circumstances make that necessary.

Conclusion

It is important that a database be created, for quick and accurate reference. In short, the purpose of these committees is to create and maintain this data. Most of the data that these committees will be charged with collecting was of interest to the negotiation team at some point in the negotiations. It helped to inform and ground our discussions and proposals. The feeling of many of us on the EC is that the members of the Chapter-- ourselves included--are too often woefully uninformed about the University, and how it conducts busi-

Old WARF Learns New Tricks

*Arthur Falk
Information Officer, WARF*

Western's Association of Retired Faculty (WARF) is nowhere near as old as its members. It formed and affiliated with the WMU-AAUP Chapter during the last Contract negotiations to advocate the maintenance of retiree benefits, especially health care, and to support faculty's efforts to win a better Contract overall. WARF continues to support the Chapter. The hiring practices in the College of Aviation have alarmed WARF's Executive Committee, and it sent the Chapter a letter of support for its grievance on this matter.

Not content with rocking chairs and naps, its Executive Committee is forming a discussion group on health care in this country. This group may sponsor a speaker forum on the subject. We solicit active faculty as well as its retired members to join. Contact the Chapter office if you are interested, and we will contact you.

WARF is also organizing meetings on wealth management and estate planning, and has invited active faculty to participate. The next meeting, not yet scheduled, will be conducted by representatives from TIAA-CREF. Details will be announced via email. Professor Issa, Professor Emeritus of Finance, is conducting workshops on investment portfolios for WARF members as well.

WARF is also setting up a way for retirees to read with children at an elementary school in the Kalamazoo School District and perhaps work on math with them too. If you'd

like to explore the possibility of volunteering, contact the Chapter office and leave a message. ■

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Association Council

Chapter Meeting

**April 20, 2006
4:00 p.m.**

**Bernhard Center
Room 157-159**



WMU-AAUP Chapter
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ADDRESS SERVICE REQUESTED