
Retroactivity Rebuttal
EMU-AAUP
February 21, 2007

EMUprofessors.org

Exhibit 801

Retroactivity – The Administration’s Position

- The administration claims that their proposed base wage adjustments assume \$750,000 in health care savings.
- Since this health care cost savings equals 1.8% of faculty salary, the administration was planning on raising faculty salaries by a net of 1.2% (3% - 1.8%).
- The retroactive offer includes 2% to base, with another 1% when the 1.8% health care hit is implemented.
- This plan still results in a net raise of 1.2%, which is substantially below the figure for comparable institutions.
- The administration did not produced an analysis of net compensation changes that would support this position.

Retroactivity & Delay

- The administration claims that “the delay in these negotiations effectively forecloses any meaningful cost savings” this year.
- The administration is primarily responsible for the delay by:
 - Canceling sessions in late August when the AAUP wanted additional sessions to resolve remaining issues;
 - Walking out of negotiations for several days after classes started;
 - consistently choosing the latest possible dates for various fact-finding meetings
- The administration cannot cause delay and then impose punitive costs on faculty for that delay.
- The administration also proposes annual premiums for 2007 that are not pro-rated. Hence, full year premiums can be implemented regardless of when the contract is settled.

The Administration has not Presented an Integrated Plan Supported by the Comparables.

- Although the administration has presented contractual language, this collection of bargaining positions is not cohesive and is impractical for implementation.
 - The compensation proposal language does not reflect their stated intention that the 1% increase applies whenever health care is phased in, even if it is later than this academic year
 - Contract language is either unfair or misstates their intention by not giving 1% to new faculty who will be hit with premiums that did not exist when they negotiated contracts

- Support for the administration's analysis is flawed in multiple ways
 - Misstating basic data about EMU
 - Math errors
 - Wrongful exclusion of certain compensation at comparable institutions

The Administration Lacks a Reasonable and Responsible Plan for Health Care

- In spite of questions from the EMU-AAUP, the administration has not addressed important practical questions about implementing full premiums this year:
 - EMU has a long history of doing open enrollments in mid-October. But the administration proposes open enrollment soon after ratification, even if it is summer when some faculty are away.
 - The administration provided no explanation of what will happen to the health care plans of faculty who are away and miss the open enrollment period.
 - The administration offered no suggestions for information sessions to reach all faculty regarding (1) the new drug card, (2) the new health care plans and premiums, and (3) how to calculate the best choice given the more easily available Flexible Spending Accounts.
- We believe that the projected faculty budget and the overall strength of EMU's financial condition do not necessitate undue haste in implementing changes in health care.
- Given the lack of financial distress, and the lack of a reasonable and responsible plan for managing open enrollments, the implementation of premiums can wait until January 1, 2008.

The AAUP Retroactive Solution is Comprehensive, Fair and Supported by the Comparables

- The EMU-AAUP retroactive solution is fair to senior faculty and new faculty, those at the bottom of the salary scale as well as those at the top.
 - The retroactive solution:
 - Gives the administration immediate gains;
 - Allows time for careful choices and education in health care;
 - Provides additional compensation that is consistent with the comparables
 - The additional compensation and the net increase (bottom line) are *less than* the comparables
 - In the spirit of compromise, we want to fix problems that are concerns of our membership.
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The EMU-AAUP Responsible Phase-In

- The EMU-AAUP proposes changing the drug card for all BC/BS enrollees upon ratification of the contract.
 - Provides the administration with some immediate savings.
 - Gives faculty members some understanding of the impact of the drug card changes before the usual open enrollment period.
 - People on the Traditional Plan now have drug co-pays count to maximum out of pocket, which will not be the case with the new drug card.

- Sticking with EMU historical patterns of an October open enrollment:
 - Cuts down on confusion and offers opportunity for regular academic year health plan education.
 - The dramatic changes in health care options require information sharing and consistency with past practices.

EMU-AAUP Retroactive 4-Year Solution - Compensation

- **Salary Increases:**
 - Year 1 (2006/07): 3.50% retroactive to September 2006
 - Year 2 (2007/08): 3% + \$750 (phases in health care premiums)
 - Year 3 (2008/09): 3.60% + \$100 (phases in premium increases)
 - Year 4 (2009/10): 3.75% + \$100 (phases in premium increases)
- **TIAA-CREF Contribution:**
 - Year 1: 10% retroactive to September 2006 (a lump payment)
 - Year 2: 10.5%
 - Year 3: 11%
 - Year 4: 11.5%
- **Promotion:**
 - Year 1, 2 and 3: \$3000/\$4500/\$6000
 - Year 4: \$3000/\$5000/\$6500
- **Continuing Education:**
 - Year 1: remains at current \$1200
 - Year 2: \$1400
 - Year 3: \$1600
 - Year 4: \$1800

EMU-AAUP Retroactive 4-Year Solution – Health Care

- 2007
 - Health care plans unchanged as we significantly into 2007
 - New Drug Card (\$10/\$20/\$30) and new mail-order rates (\$20/\$40/\$60 for 90-day supply) are implemented for Community Blue and Traditional plans.
 - New Drug costs for HMO are implemented: \$15/\$25

 - PPO 1: Single or 2-Person/Family:
 - Begins as a faculty choice in 2008
 - Deductible: \$100 or \$250
 - Coinsurance: \$400 or \$800

 - PPO 2: Single or 2-Person/Family:
 - Begins as a faculty choice in 2008
 - 2008: Premiums of \$278 or \$750
 - 2009: Premiums of \$303 or \$818 (9% increases)
 - 2010: Premiums of \$333 or \$899 (10% increases)

 - Traditional/HMO: Single or 2-Person/Family:
 - 2008: Premiums of \$450 or \$1,200
 - 2009: Premiums of \$490 or \$1,308 (9% increases)
 - 2010: Premiums of \$535 or \$1,439 (10% increases)
 - Traditional Plan: no new enrollees and plan remains open
 - HMO: new enrollees and plan remains open
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The EMU-AAUP Retroactive Solution Timeline

	Sep-06	In 2007	Sep-07	Jan-08	Sep-08	Jan-09	Sep-09	Jan-10
Salary Increase	3.50%		3.0% + \$750		3.60% + \$100		3.75% + \$100	
TIAA-CREF Increase	0.00%		0.50%		0.50%		0.50%	
Health Care changes and Premium Costs		New \$10/20/30 drug card + higher mail order co-pays		New premiums begin ranging from \$278 to \$1,200 (\$750 for family PPO-2)		Premiums increase 9% for all plans		Premiums increase 9% for all plans

Year 1

Year 2

Year 3

Year 4

Exhibit 810

EMU-AAUP Retroactive 4-Year Solution

- Justification of the EMU-AAUP 4-Year Solution by comparison with the comparable institutions:
 - Salary Increases: Exhibit 342
 - Retirement Contribution: Exhibit 351
 - Promotion Increment: Exhibit 359
 - Continuing Education: Exhibit 364
- Analysis of the EMU-AAUP 4-Year solution:
 - Net Offer: Exhibit 358
 - Marginal Cost to EMU: Exhibit 380
 - Net Offer at the Comparables: Exhibit 435