AMC GENERAL MEETING AGENDA
Tuesday, April 7, 2015
9 a.m. - 10:30 a.m.
Global Center for Academic and Spiritual Life
238 Thomson St., 5th Floor, Colloquium Room

Preliminary Matters
  1. Call to Order & Approval of Minutes

Reports of Officers
  2. Chair – David Vintinner
     ○ Presentation by William Berkley, Chair-Elect, NYU Board of Trustees
  3. Treasurer – Andrea Fannelli
  4. Senators – John DeSantis
     ○ Expected motion and vote regarding fossil fuel divestment

Committee Reports
  5. Nominations & Elections – David Volgelsang
     ○ Election of 2015-16 officers
  6. Health Benefits Working Group – Nadia Cureton

Other Business
  7. Old Business
     ○ AMC Welcome/Onboarding Letter
     ○ Remote attendance at Council Meetings
  8. New Business via OpenAMC
  9. Announcements

Adjournment

Attachments:
  1. Senate Fossil Fuel Divestment Working Group Report
  2. Senate Health Realignment Report
  3. Health Benefits Working Group Report
  4. AMC Welcome/Onboarding Letter
Introduction

The Financial Affairs Committee of the University Senate (“SFAC”) is charged with the responsibility to consider and make recommendations on financial and budgetary policies of the University. Pursuant to that responsibility, SFAC has undertaken to prepare a report to the University Senate with regard to the divestment from NYU’s endowment of any investments in companies participating in the fossil fuel industry. The issues of climate change, the role of the fossil fuel industry, and possible responses to climate change have been matters of public policy discussion and debate. As a result of the significance of the issues and in response to the debate, many universities and other institutional investors have developed policies with regard to this matter.

SFAC developed a charge that it determined would be the basis for its recommendation. That charge consisted of two questions:

1. Is Divestment from the Fossil Fuel Industry an appropriate step for NYU to take in response to climate change?
2. Can fossil fuel divestment be done in a manner that is consistent with the University’s fiduciary obligations?

SFAC created a working group of students, faculty and administrators to address the charge. The working group met through the fall 2014 semester. It held numerous meetings and collected data from a number of internal and external sources, including NYU Divest. The meeting schedule, presentations, and additional material reviewed by the working group has been available to the University community on the wiki: https://wikis.nyu.edu/display/DivestmentWorkingGroup/Divestment+Working+Group

The working group prepared this report, which was reviewed and approved by the SFAC. NYU’s Investment Policy is required by law to be approved by NYU’s Board of Trustees and therefore any recommendation of the Senate arising from this report must be presented to the Board for its consideration.

Is Divestment from the Fossil Fuel Industry an appropriate step for NYU to take in response to climate change?

In order to answer this question, the working group considered NYU’s mission as an institution of higher education. NYU’s mission statement (http://www.nyu.edu/about.html) states the following:

“New York University’s mission is to be a top quality international center of scholarship, teaching and research. This involves retaining and attracting outstanding faculty who are leaders in their fields, encouraging them to create
programs that draw outstanding students, and providing an intellectually rich environment. NYU seeks to take academic and cultural advantage of its location and to embrace diversity among faculty, staff and students to ensure a wide range of perspectives, including international perspectives, in the educational experience.

... Thriving beyond borders and across academic disciplines, NYU has emerged as one of the most networked and extensive worldwide platform for learning, teaching, researching, building knowledge, and inventing new ways to meet humanity’s challenges. “

The working group therefore concluded that the University should and does accept the responsibility to “[invent] new ways to meet humanity’s challenges”. As such, NYU has the responsibility to be a thoughtful and public-minded steward of its resources and of the resources beyond its direct control that bear on its mission. However, direct political action or speech by the University has not been part of the NYU mission, other than to create an atmosphere that embraces the diversity of political thought and action, and to encourage its individual exercise by members of the community.

The working group members did not consider themselves to be expert in matters relating to climate change and global warming, the causes thereof, or the role of fossil fuel use or the fossil fuel industry in causing climate change. Furthermore, the charge was not to evaluate or pass judgment on the science of global warming. Nevertheless, the working group accepts that the impacts of global warming are apparent, and the ongoing risk to the environment of continuing growth of carbon emissions into the atmosphere is significant. Therefore, regardless of the underlying reasons for global warming, mitigation of the use of fossil fuels is in our best interest and consistent with the University’s mission.

The working group believes that NYU can have its greatest impact on global warming and sustainability through direct action and through its teaching and research mission.

NYU has built an impressive record of energy conservation, sustainability, and reduced dependence on fossil fuels. Among the accomplishments to date:

- Reduction of CO2 emissions per square foot and total metric tons of carbon equivalent (mtce) greenhouse gases by 30% since 2006;
- 21% reduction in energy consumption per square foot;
- Increased energy efficiency, reduced cost and reduced mtce emissions due to the new cogeneration plant;
- Use of state of the art energy conservation measures such as room temperature controls, LED lighting, building by building energy audits.
NYU’s department of Facilities and Construction Management has set the goal of a 50% reduction in carbon emissions by 2017.

The working group believes that NYU should also support other areas of possible direct action, such as funding for research in development of alternative energy sources and support for entrepreneurial programs that can promote concepts with commercial potential.

However, these actions do not bear directly on the question of divestment. The working group is of the opinion that divestment of fossil fuel companies has been presented as primarily a political statement and as such is not consistent with the University’s mission. A direct statement by the University in support of a public policy issue could be interpreted as having a chilling effect on the academic freedom of those in the community who have chosen to research, write, or advocate for a different point of view. The working group also questions whether divestment meaningfully advances the goal of reducing fossil fuel emissions – particularly in comparison to the direct actions discussed above.

The working group recognizes that NYU has in the past undertaken divestment from companies on the basis of public policy issues (genocide in Darfur, apartheid in South Africa) on rare occasions and sought to determine whether fossil fuel divestment is comparable to those situations. The working group proposes the principle that divestment is appropriate in the rare instances when there is a compelling moral or humanitarian objective and that there are few or no alternatives for action by the institution. This principle is admittedly open to interpretation by those who would apply it. Based on application of that principle, a minority of the members of the working group believes that divestment is justified in this instance.

Therefore, the working group has concluded that supporting divestment is primarily a political action or statement that expresses the University’s opposition to the fossil fuel industry’s role in global warming or climate change - and there is not sufficient justification for such an action or for enactment of a policy of the University. However, the working group is unanimous in its support for continuing direct action by NYU to reduce carbon emissions, improve sustainability, and reduce dependence on fossil fuels.

Can fossil fuel divestment be done in a manner that is consistent with the University’s fiduciary obligations?

The working group understands that the University’s officers and trustees have a fiduciary responsibility. With regard to the investment of funds, these individuals therefore have the legal duty to act solely in the best interest of the University.

Investment of NYU’s funds are governed by the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) which provides the fundamental rules for managing and
investing funds held by not-for-profit and other institutions, and the spending of those funds. NYPMIFA states the following standard (often referred to as the “prudent man” standard):

*Each person responsible for managing and investing funds “shall manage and invest the fund in good faith with the care an ordinarily prudent person in a like position would exercise under similar circumstances”.*

NYPMIFA also states that the following factors should be taken into consideration in applying the standard:

- General economic conditions;
- The possible effect of inflation or deflation;
- The expected tax consequences, if any;
- The role that each investment or course of action plays within the overall portfolio;
- The expected total return from income and appreciation of investments;
- Other resources of the University;
- The needs of the University and the Endowment to make distributions and to preserve capital;
- An asset’s special relationship or special value, if any, to the charitable purposes of the University.

The University’s Investment Office provided an explanation of how NYU invests its endowment funds. NYU does not directly purchase investment securities, but instead invests with investment managers who are selected for their expertise. NYU selects managers based on many criteria (experience, track record, how manager’s investment style fits within overall portfolio). As is the norm in the investment management industry, managers do not take specific direction from clients on which investments to make or not make.

Investment managers usually use a fund or partnership structure in which its investors own a share of the manager’s entire portfolio (a “comingled account”). Some managers operate with a different model and create individual accounts for each investor so that the securities are held in the name of NYU, not the manager.

NYU Divest provided a list of fossil fuel companies from which it asked NYU to divest (the “fossil fuel 200”). As of December, 2014 NYU’s endowment market value was approximately $3.4 billion. The Investment Office reported to the working group that $139 million, or 7 percent, of the endowment was comprised of investments in fossil fuel 200 companies. Of that amount, approximately $700,000, or two-hundredths of one percent, was in manager accounts held in NYU’s own name.
In order to divest of securities held in comingled accounts, NYU would have to redeem their total investment with the managers since those managers cannot customize individual portfolios. The Investment Office reported that divesting of fossil fuel 200 company securities would therefore require that NYU “fire” 39 managers who collectively manage 38% of the endowment (about $1.3 billion). The working group unanimously agreed that redeeming and reinvesting 38% of the endowment portfolio to accomplish divestment of $139 million of securities would not be prudent.

In order to divest of stocks in individual accounts, NYU could notify managers to not hold such stocks in our named accounts (although managers would arguably still buy such stocks for other clients’ accounts if they so chose). The Investment Office opined that such a move could be accomplished without requiring a total redemption from these managers and would incur no harm to NYU. A minority of the working group concluded that such a move would be acceptable.

**Based on these considerations, the working group unanimously agrees that it is not prudent to divest of investments in the fossil fuel 200 from comingled accounts. A minority of working group members do consider it prudent to divest of investments in the fossil fuel 200 in individually named accounts.**

**Working Group Members:**

- David Backus T/TT Faculty Senators Council (Stern)
- Jamie Skye Bianco FT NTT Contract Faculty Senators Council (Steinhardt)
- John De Santis Administrative Management Council (Faculty of Arts and Sciences)
- Martin Dorph University Administration (Financial Affairs)
- Magnolia E Jorge Student Senators Council (Silver)
- Tommy Lee FT NTT Faculty Senators Council (Engineering)
- Keagan Sakai-Kawada Student Senators Council (Liberal Studies)
- Daniel L Smith T/TT Faculty Senators Council (Wagner)
NYU Health Realignment: a Presentation to the NYU Senate

Bob Berne, Executive Vice President for Health

March 26, 2015
Goals of the Proposal

To produce outstanding teaching and research, to enrich our reputation and stature in nursing, dentistry and global public health, and to formalize a structure to promote cooperation, creativity and excellent outcomes extending throughout the health field more generally.

Proposal Elements

• To create a new College of Global Public Health

• To create a Faculty of Health containing the College of Dentistry, the College of Nursing, and the College of Global Public Health; and

• To change the status of the College of Nursing so that it is no longer part of the College of Dentistry, but instead equivalent in status to the College of Dentistry and the new College of Global Public Health.
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<th>Date</th>
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<tr>
<td>Winter-Spring 2014</td>
<td>Initial discussions with faculty and deans</td>
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<tr>
<td>Fall 2014</td>
<td>Proposal reviewed by working group of 9 schools and 27 faculty</td>
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<td>Nov. 2014</td>
<td>Working group submitted its conclusions</td>
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<td>Dec. 2014</td>
<td>Report sent to the T-FSC and N/C-FSC</td>
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<td>Feb. 2015</td>
<td>N/C-FSC endorsed the proposal with recommendations</td>
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<td>March 2015</td>
<td>T/TT FSC approved proposal with recommendations</td>
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# Health Realignment Working Group

- 27 faculty
- representing 9 schools
- Includes both deans and faculty
- Met 3 times (Oct. 8, Nov. 11, Nov. 22)

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<tr>
<th>Name</th>
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<tr>
<td>Steven Abramson</td>
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<td>Bob Berne</td>
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<td>Charles Bertolami</td>
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<td>John Billings</td>
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<td>Jan Blustein</td>
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<td>Mary Brennan</td>
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<td>Dominic Brewer</td>
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<td>Virginia Chang</td>
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<td>Mary Cowman</td>
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<td>Tom D’Aunno</td>
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<td>Michael Ferguson</td>
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<td>Sherry Glied</td>
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<td>Vincent Guilamo Ramos</td>
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<td>Nikhil Gupta</td>
<td>NYU Poly</td>
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<td>Richard Hayes</td>
<td>School of Medicine</td>
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<td>Cheryl Healton</td>
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<td>Mary Ann Hopkins</td>
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<td>Christine Kovner</td>
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<td>Danielle Ompad</td>
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<td>David Oshinsky</td>
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<td>Michael Purugganan</td>
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<td>Carol Shoshkes Reiss</td>
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<td>Diana Sditis</td>
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<td>Silvia Spivakovsky</td>
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<td>Katepalli Raju Sreenivasan</td>
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<td>Eileen Sullivan Marx</td>
<td>College of Nursing</td>
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<td>Lynn Videka</td>
<td>Silver School of Social Work</td>
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Conclusions of the Working Group

• A new college of global public health (CGPH) will be created at NYU as a natural evolution in the development of the Global Institute of Public Health (GIPH).
  – it is anticipated that the 6 T/TT faculty in public health in Steinhardt will choose to move to the new CGPH, with the requisite consideration of the individual faculty member transitions and the fiscal effects on the Steinhardt School.

• The College of Nursing will no longer be a component of the College of Dentistry.

• The three colleges – the new College of Global Public Health, the College of Dentistry, and the College of Nursing – will be linked together in a structure to be named the “the Faculty of Health” (FoH).
  – each of the three colleges will be at the “school-college” level in the NYU lexicon with appropriate autonomy
  – will create academic and administrative synergies to take advantage of inter-disciplinary opportunities and to establish a distinctive edge
Conclusions of the Working Group
(cont’d)

• The current expectation is that the FoH will have a dean and modest staffing to provide oversight and support in areas that include strategic planning, budget/finance, faculty recruitment, retention and promotion, human resources, research and grant management, and IT
  – In these areas, significant economies of scale might be achieved that will place the Faculty of Health at an advantage in securing faculty, students, and research funding.

• It is also expected that there will be a national search for the Dean of the Faculty of Health with a faculty-majority search committee
1. Creation of the College of Global Public Health

- Continue positive academic momentum of public health over past eight years
  - Ten combined UG majors with FAS, Steinhardt, Social Work and Nursing
  - Expansion of the MPH
  - Redesign of the PhD with 4 areas of concentration
  - Over 100 affiliated and associated faculty from across NYU
  - 5 joint faculty hires with Dentistry, Engineering, FAS, Medicine, Wagner
  - Core of clinical and non-tenure faculty
  - Highlighted by the Middle States Commission as a success

- Challenges of “institute” status
  - Remaining competitive for students, faculty, and research funding in the market
  - Limits comprehensive coverage of different dimensions of global public health
  - Funding restrictions – government and private
  - Perception by prospective faculty and students – used against us by competitors
  - Inability to grant tenure
2. The College of Nursing in the FoH

- In 2005-6, the Division of Nursing moved from Steinhardt to a College of Nursing within a College of Dentistry
  - In 2005, Nursing was barely ranked in NIH research funding; by 2010, it was ranked #11. In 2014, #3 ($8.1 million NIH)
  - recognition as a National League for Nursing Center for Education Excellence
  - offers all levels of nursing degrees - BS, BS accelerated, MS, DNP, and PhD
  - Recently ranked #6 for graduate schools of nursing by USNWR

- Opportunities as a College within a Faculty of Health arrangement
  - the College of Nursing has developed in infrastructure, faculty size, processes for recruitment and retention, partnership across all schools, and in university committees and infrastructure
  - Nursing’s current status within another College given its current size and maturity as a school, is somewhat operationally awkward
  - Being part of a FoH rather than a College within a College, would smooth operations and efficiencies
  - more consistent with the expectations of accrediting bodies
  - recruitment of students and faculty would be further enhanced
3. A Faculty of Health

- **Purpose**: to create academic and administrative synergies by fostering excellence within and across all three colleges and throughout the health domain at NYU

- A newly created over-arching structure that will be composed of the College of Nursing, the College of Dentistry, and the proposed College of Global Public Health
  - All three colleges will have “school-college” status, will be equal constituent members, and have the appropriate level of autonomy
  - Will take advantage of emerging interdisciplinary/professional opportunities and establish a distinctive edge
  - Will be led by a dean appointed by the President and EVP for Health after a national search by a faculty-majority search committee
  - The aim will be to creatively and dynamically balance autonomy of constituent colleges with the academic advantages and administrative economies of scale achievable through a Faculty of Health
3. A Faculty of Health (cont’d)

• The dean of the Faculty of Health, along with modest staffing, will provide oversight of the three colleges
  – will report to the EVPH and, while the three college deans will report directly to the dean of the FoH, each of these deans will maintain ties with the EVPH and the President
  – will oversee the long term strategic planning, faculty staffing, and budget-finances of the three colleges
  – while college level processes for assessment will be in place, there will be a Faculty of Health-wide tenure and promotion committee composed of tenure/tenure track and non-tenure/contract faculty who will make recommendations on these matters to the dean of the Faculty who, in turn, will make a recommendation to the University

• It is anticipated that significant economies of scale will be achieved in several areas, with functions designed to address both efficiency and autonomy
  – examples include: faculty recruitment, retention and promotion, budget/finance, human resources, research and grant administration, and IT
  – there are systems and policy parameters that are best addressed at the FoH level, still leaving considerable flexibility for decision-making at the college level
3. A Faculty of Health (cont’d)

- Additional benefits and opportunities of a FoH
  - Enhance faculty recruitment
  - Achieve creative synergies in areas that would otherwise remain undeveloped
  - Through the FoH, the NYU College of Dentistry is aiming to compete on an equal footing with the best health schools in the basic sciences
  - The FoH will benefit students by a strong inter-professional orientation that will allow NYUCD to further differentiate itself from other dental schools with whom we compete for the best applicants
  - Will foster academic synergy in both research and teaching
  - Opportunity to align population health efforts and direct delivery of patient services as a continuum with the potential to improve health outcomes more so than if the two approaches remained unaligned
  - There may be an opportunity to create several health sites among the study away sites and the portals where all three colleges collaborate on global education, research and student placement
Issues Raised by Faculty Councils

• **Budget/Finance**
  – It is expected that there will be added benefits in terms of both overall lower costs and higher quality of services
  – Each college and the Faculty of Health will have a budget, and research ICR will continue to flow to the colleges
  – The budgeting for the three colleges and Faculty of Health will follow the usual NYU model
  – All three colleges will have both research funds and tuition as major revenue sources and there is the clinical operation in the College of Dentistry

• **Governance**
  – We expect that all three colleges will be considered as “schools/colleges” within the NYU governance system
  – Each of the deans (and the FoH dean) will be represented on the ULT and all three colleges will be considered for Senate representation for students, faculty and administrators, subject to NYU Board approval.
  – Each college will have its own governance, with the appropriate committees at the FoH.
  – we would expect that tenure/tenure track and non-tenure track/contract faculty will be represented across the committees of the three colleges and the FoH, including dean search committees when they are formed
Issues Raised by Faculty Councils (cont’d)

• Faculty
  – At this time, no tenure track ( untenured) faculty planning to move to the CGPH
  – As has been discussed, the public health faculty in Steinhardt have been given the option of moving to the new CGPH and have opted to move
    • because we understand the special circumstances, the EVPH and Dean Brewer have agreed that if for some reason for the first 5 years after the move that the tenure is not secure in the College of Global Public Health then the faculty can return their tenure home to Steinhardt
  – For other faculty who choose to move their tenure home to the CGPH, the deans (leaving and receiving and FoH dean) will be consulted fully and the faculty member will need to initiate the move
  – The expectations for TTF in the CGPH are similar in form to the expectations for TTF at WS: faculty will be hired on 9-month contracts with expectations for teaching and for research (including funding) as determined by college policies and by the dean
  – The proposed FoH and the three colleges will be a model of interdisciplinary and inter-professional collaboration and will develop faculty review processes that take this into account
N/C-FSC Recommendations

• The N/C-FSC is supportive of the health realignment plan, and requests inclusion of the following recommendations to enhance this proposal:
  – more specific language added to the proposal regarding budgets; sharing research grants and indirec...
Summary of T-FSC Recommendations on Appointments, Promotion and Tenure

1. Current faculty members must not be pressured to move their primary appointment from their current schools to the CGPH or to accept joint appointments.

2. If a faculty member is asked to move a primary appointment from his/her current school and declines to move, he or she must not experience discrimination, nor must his/her status be diminished.

3. If a tenured faculty member moves a primary appointment from his/her current school to CGPH there must be a mutual understanding of the administration’s and faculty’s expectations/requirements/rights.

4. There must be established policy that specifies the University’s responsibilities toward tenured faculty who complete such a move if the CGPH were to fail, be terminated, or reorganized.

5. If the pre-tenure probationary period is different in the CGPH than that currently in effect faculty member’s current school, the faculty member must be given a choice to either remain in the pre-tenure probationary timeframe of his/her current school or change to the pre-tenure probationary timeframe of the CGPH.
T-FSC Questions for EVPH

Why do you expect the proposed realignment will make NYU much more competitive for MPH applicants and for those who decide to matriculate compared to our competitors?

- The major players in public health are schools, not programs
- Students and parents are surprised to learn that MPH programs exist outside of SPH. Conforming with applicants’ expectations will enhance the success of the NYU global public health enterprise

Why is this moment in time considered the most propitious for creation of the CGPH/FoH?

- The momentum is significant
- Were we to wait at this time, our student and faculty recruitment as well as our reputation would suffer, as might our prospects for significant philanthropy
- There are certain federal grants that are available only to schools of public health
T-FSC Questions for EVPH (cont’d)

What is the advantage of creating the Faculty of Health, which will have its own Dean and administrative structure?

– Academically, the level of collaboration is likely to be higher among faculty in their teaching and research roles, and student movement among classes is likely to be greater

– On the fiscal side, there is the potential for efficiencies in many administrative areas, given the similarity of the issues facing the three units

– The Faculty of Health can leverage and coordinate funding efforts and collaborations in ways that other places cannot

Will the faculty of the Colleges of Dentistry and Nursing, and of the GIPH be consulted (by an online poll) regarding their opinions?

– Not by an online poll

– There have been separate school discussions, I have appeared at faculty meetings, deans have consulted with their faculty councils, and we have the recommendation of a working group consisting of both faculty and deans from the involved schools as well as from all other interested NYU schools
T-FSC Questions for EVP (cont’d)

Have lessons been learned, either positive or negative, from the creation of the Dentistry/Nursing organization that could usefully inform the creation of the Faculty of Health?

- Yes, as we try to balance the ideas of synergies across the colleges and the need for autonomy, we will draw on the Dental-Nursing experience
- There is also a tie-in with my office where I can function more effectively with the presence of a dean of the Faculty of Health

Will the College of Global Public Health/Faculty of Health be financially self-sustaining?

- Each college will have certain financial objectives that need to be met, as will the Faculty of Health
- CGPH will likely be in a growth mode for a while, as was the College of Nursing when it was initiated
T-FSC Questions for EVPHE (cont’d)

Will its success or its sustainability hinge on its ability to garner extramural grant funding?

– All three units are in fields where grant support is correlated with success and that will be the case here
– I expect that within a reasonable period of time, our CPGH will be in the top ten in NIH funding
– Sustainability goes beyond research funding alone. As with the Colleges of Dentistry and Nursing, teaching and tuition revenue play a significant role in their continuing success

Regarding Faculty from Steinhardt, will their tenure and current requirements to attain tenure be preserved when (if) they move to the CGPH?

– There are currently no faculty who are tenure track but not tenured, to my knowledge
Where will other faculty for the new College of Global Public Health come from, other Schools, current GIPH faculty, new hires (how many), and and will the current tenure clocks and current requirements to attain tenure be maintained for current faculty? Will physical location change?

– CGPH will continue to rely on associate and affiliated faculty, of which there are already nearly 100.
– CGPH will also have a core faculty
– Regarding new hires, we will need to examine the GIPH plan and adjust it accordingly with the parameters of a college and accreditation standards for SPH
– I do not know of any untenured tenure track faculty who would be affected, but each case will be dealt with in a collaborative and sensitive fashion
– The plan is for GIPH’s new home to be in the Forbes Building. Once a decision is made on a college and faculty, space decisions will follow
T-FSC Questions for EVPH (cont’d)

Will all members of the current Global Institute of Public Health be allowed/required to join the College of Global Public Health, and in what capacity, change of school, adjunct appointment, etc.?

– anticipated that virtually all GIPH current faculty will be faculty of the College of Global Public Health in their current status
– Steinhardt faculty who are key to the MPH and PhD program of GIPH will transfer
– There are several joint appointments and these will need to be reviewed with each faculty member and home units

Regarding the faculty in the College of Dentistry and of Nursing, how will expectations of the tenure-eligible faculty for attaining tenure be affected?

– There is already a well-functioning APT committee in the College of Dentistry that covers Dentistry and Nursing; I would expect this would evolve to the FoH with balanced inclusion for dental, nursing and public health and inclusion of both tenure/tenure track and non-tenure/contract faculty
– We would always be sensitive to faculty who are far along in the tenure process.
– Generally, responsibilities are determined at the college level and I would expect that to continue
T-FSC Questions for EVP (cont’d)

Will all current faculty in the College of Nursing and the College of Dentistry become faculty in the Faculty of Health?

- My expectation is yes in addition to maintaining their faculty home in one or more of the three colleges

What will be the University’s responsibility to the faculty of the CGPH if the College of Global Public Health/Faculty of Health fails/is dissolved?

- The university has rules on the meaning of tenure in relationship to an academic unit
- Dean Brewer and I are discussing the Steinhardt faculty who move
- I do not expect this new venture to be anything but a huge success
Findings of the Health Benefits Working Group
Draft Report
March 2015

Upon the passage of the Patient Protection and Affordable Care Act of 2010 (ACA), NYU and its employees are faced with a number of challenges. The most daunting is a new excise tax on health care benefits often referred to as the “Cadillac” tax. This tax is designed to both reduce “excess” health care spending and help finance the expansion of health care coverage under the ACA. It taxes the value of employer provided health benefits over flat national thresholds at a 40% rate. Though the excise tax is not scheduled to go into effect until 2018, the AMC created a Health Benefits Working Group to start investigating how this new cost – projected at $8 million in the first year and expected to grow – might be covered by the University.

This report aims to provide recommendations beyond simply passing added costs to employees by raising premiums or simply eliminating employee choice as we saw with the announced elimination of the HMOs in 2016 and the reduction of coverage for non-generic drugs. The options that come out of this Working Group aim to ensure that NYU is mitigating its impending losses responsibly -- not only fiscally but conscientiously -- with compromises made at all levels and with all constituents within the University. This letter provides our recommendations to the University’s senior leadership based on our research as voted upon by the Administrative Management Council.

FINDINGS

The Health Benefits Working Group gathered information on the various aspects of the Affordable Care Act (ACA) to determine how they would impact the university community and to recommend policy or programmatic changes to university leadership that will best advance New York University’s mission while mitigating the adverse effects of the law.
The Excise Tax in 2018

The ACA has provided the opportunity to offer affordable health care coverage for those who were previously uninsured or uninsurable. The government is partially funding the expansion of health care coverage and wellness incentives under the ACA by taxing large employers, including institutions of higher education, through excise taxes. As of 2018, 48%¹ of all large employers will be affected by this tax. The excise tax both reduces employer incentive to overspend on health plans and employee incentive to overuse services encouraged by these high-cost plans.

Under the ACA, an employer offering a plan costing more than $10,200 for an individual and $27,500 for a family is expected to pay a 40% excise tax on the amount exceeding these thresholds. According to last year’s projections from NYU Human Resources, a typical NYU employee health plan will be valued at $32,100, triggering a taxable excess benefit of $4,600 using the government’s thresholds. This tax is based on the value of the plan design, not employee contributions.

The Working Group repeated the projections, using Employee 2015 monthly contributions for new estimates of 2018 Excise Tax levels by plan and contribution level, as shown in Table 1.

Note that these projections allocate costs of the plans proportionately by contribution, where individual employee health care total costs will vary from person to person, independent of salary tier. In other words, higher-paid employees do not get different coverage; coverage value and content is identical on each row. An estimated tax per employee for each plan and family type was made by assuming similar distributions among salary tiers in each row. The projections contain conservative assumptions for prudent planning: that health care costs continue to rise at 6% per year, that employee health care costs grow faster than projected contributions, and that no changes are made in the ACA thresholds to account for inflation or geographic pricing in the future.

1 American Health Policy Institute, "The Impact of the Health Care Excise Tax on U.S. Employees and Employers" by Tevi D. Troy and D. Mark Wilson, page 5.

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Self Insurance Retains Both Health Care Cost Risk and Potential Savings to NYU
Since the University is self-insured in its primary health care plans and there were no stop-loss filings reported, it appears that the University bears the full risk of the largest possible fluctuations in health care costs. These fluctuations would be driven by the number of high cost procedures undergone by insured employees such as chemotherapy, radiation, and organ transplants. Stop-loss coverage would, in a year when employees’ actual health care procedures have a total cost above the policy’s threshold, limit the University’s expense. However, the cost of stop-loss insurance purchased through an external company would include a profit margin for the insurer and at NYU’s scale would not be fiscally prudent given the University’s inherent protections.

Elimination of Health Maintenance Organization (HMO) Plans
In order for employers to pay a lower tax, the value of the plans needs to be reduced and employees need to contribute more to their health care benefits. Institutions of higher education like NYU have already taken measures to try and reduce their exposure to the looming excise tax by making significant changes to employee health benefits. As of Fall 2014, no new enrollments were accepted into the currently offered HMOs (Aetna and Oxford) and these plans will be discontinued by 2015 Open Enrollment. (From the chart on the previous page, it is easily seen that the Aetna and Oxford HMO plans, projected in red, are potentially the most costly.) The elimination of the HMOs is also being done by other large employers according to a recent 2014 survey conducted by the National Business Group on Health.²

Reduction of Non-Generic Prescription Drug Coverage
New York University’s 2013 budget allocated for employee health care totaled $80M for faculty and administrative staff. The Working Group was given access to the University’s tax filing forms 501, 507, and 509 for the 2013 tax year. (These forms do not cover health plans for which the University is self-insured, such as the ones administered by the HMOs.) According to the 501 tax filing form for 2013, NYU spent $19M on prescription drug benefits alone for all employees. This significant expense further shows why the University has requested that Caremark default to generic prescriptions drugs as a cost-saving measure.

As of 2015, participants in the Caremark prescription drug plan will be offered generic drugs first when filling a prescription unless otherwise directed by their health care provider. Employees who select the brand name drug will have to pay a higher retail rate for these medications unlike in years past. Those on maintenance medications for illnesses such as asthma will be placed on a generic drug step therapy program. These measures were projected to yield annual savings of $0.8M to the University which were applied to mitigating a higher 2015 health benefit contribution and not towards the excise tax. These savings therefore are already built into the projections in Table 1 and, together with other savings, reduced projected excise tax levels for 2018 by about 1.2%.³

Intended Increase in Employee Proportion of Total Health Care Cost
The current cost sharing for faculty and administrative staff towards health insurance coverage is 18.7% for employees and 81.3% for the University. The University’s stated goal is for a 20%/80% distribution of cost. The AMC and the Tenure Track Faculty Senators Council do not support this institutional goal which would increase the financial burden on individuals of an increasing health care plan. We strongly recommend that the University keep the cost share at 18.7% or lower for

³ This assumes the $4,600 excise estimate from 2014 was for the employee plus spouse (E+S) coverage for United Health Advantage at the highest wage level. We project this category will be $4,543, a 1.2% drop.

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employees and explore additional venues for covering health care costs for employees who are already paying a significant contribution for their coverage.

**The Excise Tax Beyond 2018**

The Working Group continued the Excise Tax projections beyond 2018, using the same prudent assumptions of steep cost increases, to get a sense for the scale of the impact in 10 years, showing an “average” for each plan and coverage level. In most cases, the level of the tax will more than triple by 2025, as the ACA is currently written. Most analysts of the law expect amendments to be presented before this time.

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**RECOMMENDATIONS**

In light of the financial and legal situations described above, the Health Benefits Working Group makes the following recommendations to the university community:

- Given that the [High Deductible Health Plan](#) + Health Savings Account Package (HDHP+HSA) introduced in 2012 is the only one of the current health care plans not guaranteed to trigger the excise tax in the near term, the University and its employees would be best served if it eventually switched to the HDHP+HSA as the sole health care plan. With the HDHP, employees’ annual deductible will be higher than other medical plans; however, that deductible is balanced by significantly lower payroll contributions, compared to other plans currently offered. Annual out of pocket maximums are similar. With the accompanying HSA, meeting the HDHP’s high deductible is manageable for copays at non preventive care services, and participants retain the freedom to see any health care provider without referrals. The HSA differs from the FSA in that the employee owns that account and the balance rolls over from year to year, growing like an investment if unused. With the HDHP+HSA taken together, NYU pays less to health care providers through the insurance company and more pre-tax dollars to the employee.

If the university community needs to maintain choice in their health plans, the UnitedHealthcare Value plan could be retained as an option at relatively less cost. The UH Value plan would trigger excise taxes, for employees with covered spouse and child(ren) in 2018, and eventually in all employee coverage categories in later years (see Table 2).
• Given the different thresholds triggering the excise tax for employees who have single versus family coverage, NYU is faced with the option of compartmentalizing the effect of these thresholds to pass the federal penalties to these populations without prejudice. Should the University pass the full burden of the excise tax on to its employees (and retirees and students, in their own plans), we recommend that the new tax burden be equally distributed among all insured regardless of family type. Those who are single should continue to pay a lower fee compared with those who have dependents on the NYU health insurance plans, but those who are not should not be penalized by targeted disproportionate increases.

• We support the Administrative Management Council’s 2015 recommendation that the salary tiers should be reviewed and adjusted for inflation before using them to pass on the excise tax, if that is what the University chooses to do. The current tiers were set a number of years ago, and no longer adequately protect employees at lower ranges of pay. The lowest tier, for example, could be defined to always include at least the bottom 5% or 10% of employees.

• Currently, the University contributes up to $500 to the HSA on behalf of employees making less than $75,000, and we would request that the University extend that benefit to higher tiers as tiers are adjusted. The University should explore other methods of sharing initial risk to entice employees to switch.

• As proposed in the letter from the Administrative Management Council to the Senate Finance Affairs Committee in February 2015, we believe it would be advisable that NYU gradually increase the operational fringe budgeting rates currently at 30.0% to be closer to rates used by some of our peers. Non-sponsored fringe rates at our peers include: Georgetown, 31.9%; Harvard, 32.2%; Columbia, 32.5%; Yale, 32.6%; Johns Hopkins, 34.5%; and University of Pennsylvania; 35.1%. An increase to an operational fringe rate of 32.5% by 2020 would reasonably guarantee that employee health care contributions will never have to be increased beyond the already steep increase in health care costs, and that the cost share ratio will not need to be increased above the current 18.7%.

• The Affordable Care Act has created new incentives for building on and enhancing workplace wellness programs. While the University already offers some wellness programs through LiveSmart, we recommend that NYU should offer the following to take advantage of ACA Wellness incentives:
  ○ free or heavily discounted memberships of NYU’s athletic and fitness facilities to its administrators
  ○ reimbursements to administrators enrolled in participatory wellness programs such as local gyms and health clubs
  ○ incentivized wellness programs such as those offered at the University of Missouri on a tiered system

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4 As reported on respective university websites in January 2015.
6 [http://www.umsystem.edu/curators/wellness/2015_wellness_incentive](http://www.umsystem.edu/curators/wellness/2015_wellness_incentive)

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CONCLUDING THOUGHTS

In an effort to absolve employees from the 2018 excise tax, it is clear that the High Deductible Health Plan is the only health insurance plan of the plans currently offered that is exempt from the excise tax because the value of the plan is slightly under the government’s taxable threshold of $27,500. Should the University choose to only offer one health plan like those already in place at some state universities then we recommend that savings to the HR benefits budget be reinvested to enhance other employee benefits or shifted into compensation to follow the shift of health care costs into HSAs. These strategies would keep NYU competitive in the job market with nearby institutions. Savings could also be applied to enhancements such as membership rebates, increasing the dental and vision plans benefits so that they cover more services with a higher benefit limit, or reducing the employee out-of-pocket cost share below 18.7%.

While we understand that only offering one health insurance plan may appear to be the nuclear option, unless we employees do not view this as tenable, we have no other choice but to absorb the excise tax and pay more for our other current health plans. We have estimated that retaining the current UH Value Plan will leave us with a tax burden significantly less than the $8 million originally projected for 2018, but there will be a tax, and the burden will grow. This financial burden could only be relieved if NYU pursues the increase of our fringe like those of peer institutions, more directly erodes its hard won investments in working capital, or passes the expense along to students. However it is addressed, it remains true that our other health plan structures create a growing burden.

Unless the University’s senior leadership decides to pay the excise tax from future capital reserves, we must assume that additional revenue resources or the aforementioned cost-saving measures we proposed should be considered in order to absorb the excise tax. At the very least, a variety of options, including the ones we have recommended, should be explored thoroughly.

Members of the AMC Health Benefits Working Group

Nadia Cureton, Chair
Melissa Lucas-Ludwig, AMC Vice Chair
Rosemarie Anderson
Jonathan Biondi
Matthew Gee
Christine Jensch
Marsha Metrinko
Krista Minteer-Baysal
Anne Stubing
Nick Voelker
David Vintinner, AMC Chair, ex officio

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To: NEW ADMINISTRATOR
From: SENIOR UNIT REPRESENTATIVE
Date: Month/Day/Year
Re: Administrative Management Council Welcome Notification

____________________________________________________________________

Congratulations on becoming an administrator at NYU! We would like to personally welcome you and provide you with an introduction to the Administrative Management Council (AMC). The AMC is the organization through which management and professional staff (i.e., Code 100s) at NYU actively participate in University governance.

The AMC has a rich history of service to the University and our community, and we hope you will join us as we discuss and respond to concerns and issues that affect all of us, participate in professional growth and development initiatives, and engage in community service and exciting events. Each school or division within NYU elects Representatives to the AMC who serve for a two-year term. Should you have any questions, my fellow Representatives and I would love to hear from you. A listing of all Representatives and Alternates is available on the AMC Representatives website.

The AMC meets monthly - except September - during the Fall and Spring semesters. At meetings, standing and ad hoc committees update the community on their activities and attendees bring up topics for discussion. While only elected Representatives have voting privileges, all management and professional personnel are welcome and encouraged to attend all AMC meetings. We encourage you to visit the AMC website where you will find a wealth of information. Please consider attending an event, joining a committee, reviewing issues raised by Representatives through OpenAMC, and joining us at AMC meetings.

Once again, congratulations on your new role! We look forward to meeting you at an upcoming AMC meeting.