

New York University
A private university in the public service

Faculty Senators Council
194 Mercer Street, Suite 401
New York, NY 10012
Telephone: (212) 998-2230
Facsimile: (212) 995-4575

February 4, 2011

MEMORANDUM

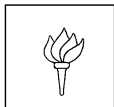
TO: President John Sexton
Provost David McLaughlin
Executive Vice President Michael Alfano

FROM: Robert Schacht
Chairperson, Faculty Senators Council
A/Y 2010-2011

RE: Faculty Senators Council Resolution regarding the
Changes to the NYU Faculty Retirement Plan

At the February 3, 2011 meeting of the Faculty Senators Council, the attached resolution was approved.

CC: Ron Robin, Senior Vice Provost
Carol Morrow, Associate Provost
Diane Yu, Chief of Staff and Deputy to the President
Robert Schacht, FSC Chairperson
Daniel Zwanziger, FSC Vice Chairperson
Carol Hutchins, FSC Secretary
Floyd Hammack, FSC Immediate Past Chair



New York University
A private university in the public service

Faculty Senators Council
194 Mercer Street, Suite 401
New York, NY 10012
Telephone: (212) 998-2230
Facsimile: (212) 995-4575
www.nyu.edu/facgov

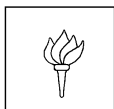
Resolution of the Faculty Senators Council
Regarding the Changes to the NYU Faculty Retirement Plan
Approved 2/3/11

At the February 3, 2011 meeting of the Faculty Senators Council, the Council approved by a unanimous vote of 33 senators in favor of the following resolution:

Resolution:

Whereas, The FSC objects that significant changes to the Faculty Retirement Plan have been undertaken with no meaningful faculty consultation;

Resolved, That we urge the Senior Executive Officers and the Board of Trustees to show greater respect for shared governance, now and in the future.



New York University
A private university in the public service

Faculty Senators Council
194 Mercer Street, Suite 401
New York, NY 10012
Telephone: (212) 998-2230
Facsimile: (212) 995-4575

February 17, 2011

MEMORANDUM

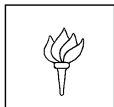
TO: President John Sexton
Provost David McLaughlin
Executive Vice President Michael Alfano

FROM: Robert Schacht
Chairperson, Faculty Senators Council
A/Y 2010-2011

RE: Faculty Senators Council Resolution regarding Proposed Changes in Retiree
Medical Benefits: Premium Reimbursement Account (PRA)

At the February 17, 2011 meeting of the Faculty Senators Council, the attached resolution was approved.

CC: Ron Robin, Senior Vice Provost
Carol Morrow, Associate Provost
Diane Yu, Chief of Staff and Deputy to the President
Daniel Zwanziger, FSC Vice Chairperson
Carol Hutchins, FSC Secretary
Floyd Hammack, FSC Immediate Past Chair
Mary Ann Jones, FSC Benefits Committee Chair
Christine Harrington, FSC Governance Committee Chair



New York University
A private university in the public service

Faculty Senators Council
194 Mercer Street, Suite 401
New York, NY 10012
Telephone: (212) 998-2230
Facsimile: (212) 995-4575
www.nyu.edu/facgov

Resolution of the Faculty Senators Council
Regarding Proposed Changes in Retiree Medical Benefits:
Premium Reimbursement Account (PRA)
Approved 2/17/11

At the February 17, 2011 meeting of the Faculty Senators Council, the Council approved by a vote of 28 senators in favor the following resolution:

Resolution:

Whereas, Based on concerns regarding the proposed changes in retiree medical benefits:
Premium Reimbursement Account (PRA);

Resolved, That the FSC requests a moratorium and time to examine other cost-saving options.

From: Michael Alfano [michael.alfano@nyu.edu]

Sent: Monday, February 28, 2011 10:38 AM

To: Karyn Ridder; John Sexton; David McLaughlin

Cc: Robert Schacht; ron.robin@nyu.edu; Carol Morrow; Diane Yu; Daniel Zwanziger; Carol Hutchins; Floyd M. Hammack; Mary Ann Jones; Christine Harrington; Catherine Casey; 'Martin Dorph'

Subject: Re: FSC Resolution: Premium Reimbursement Account (PRA), 2/17/11

Dear Robert - I am pleased to respond on behalf of the University to your note from late last week which included a resolution from the FSC about Retiree Medical.

It appears that this resolution is the one which you mentioned was passed by the FSC immediately before our meeting on February 17th; and I presume that you have sent it forward for the sake of completion of the record in the matter since we did discuss the import of the resolution at our meeting. Specifically, we talked about the process concerns of the FSC, and pointed out that there was opportunity for the FSC representatives on UBAT, but more importantly, on HRPAT, to provide input into the discussion on retiree health. We also noted that a placeholder was created on the need to address this matter when we reported out the results of the HRPAT. In addition, Katie Casey and her team met directly with the FSC Benefits Committee to discuss the problem and the proposed solution. Finally, we pointed out the devastating impact on the University budget and balance sheet of leaving the problem unresolved. While no one at our meeting was pleased that this issue was upon us, I think it is fair to say that you and your colleagues accepted that the process was acceptable.

We then turned our attention to your important concern about whether or not the University would offer some type of group insurance support as we move retiree health benefits for those under 50, and for all new employees, to a defined contribution approach vs. a defined benefit approach. During the meeting Katie Casey explained that a fixed University sponsored insurance plan would not necessarily be in the interest of our retirees, because such a plan would remove much of the flexibility which would optimize the value of the defined contribution. To explain this, I used the example of a person who takes many medications for heart disease and diabetes who would most likely buy a wraparound plan that was very strong in the area of drug reimbursement, whereas a person who needed frequent dermatologic visits to treat actinic keratoses would purchase supplemental insurance that covered office visits and minor surgical procedures better.

We did however agree that Katie would revisit the issue with our benefits consultants and report back to Mary Ann Jones, chair of the FSC Benefits Committee. Katie sent a note to Mary Ann last week which we believe should help to clarify these issues, and also mentioned the possibility of creating University based insurance counselors, much as we do in other areas, to assist our retirees with making good choices. Nevertheless, we acknowledge that change is difficult, and that the health care system is changing in ways that are counterintuitive to what we have come to believe (e.g. group insurance is not always better than individual insurance). Accordingly, Katie agreed to meet with the FSC together with our health benefits expert to explain the matter again, and to answer questions. Thus, we think we have addressed the second component of your concern as well.

As to the moratorium, given the appropriate concern of the Board of Trustees about the \$500 million charge to our balance sheet in the coming years, the impact of that charge on the University's credit rating and fiscal security, the pressure that maintaining the status quo will put on faculty salaries and tuition, and the direct requirement of the Board to address the matter, we think a moratorium would only increase the difficulty of a correction at a later time. We think the approach the University is taking is both responsible and gentle. We have not eliminated retiree health benefits as has occurred in the private sector; we have grandfathered everyone over the age of 50; the changes won't affect people for many years given the requirements to qualify for retirement benefits; and we believe we will continue to be very competitive with other universities. Indeed, earlier this month the University of Michigan announced significant changes to their retiree health benefits.

2/28/2011

Please let me know if you have any questions, and also if you would like to schedule a meeting with Katie and our health care consultant.

Thank you,
Mike