

FACULTY SENATE JOINT MEETING WITH STAFF SENATE

April 17, 2014

12:45 P.M. in LIB 111

Present: *Wai Mok, Charles Hickman, Chris Allport, Fan Tseng, Pavica Sheldon, Derrick Smith, Ryan Weber, Joe Taylor, Linda Maier, Christine Sears, Carolyn Sanders, Anne Marie Choup, Eric Seemann, Mitch Berbrier, R. Michael Banish, Junpeng Guo, B. Earl Wells, James Swain, Kader Frendi, Jeff Evans, Ellise Adams, Anna Benton, Marlina Primeau, Peggy Hays, Luciano Matzkin, Debra Moriarity, Carmen Scholz, Peter Slater, Letha Etzkorn, Craig Cowan, Richard Miller, Seyed Sadeghi, Nikolai Pogorelov*

Absent without proxy: *Dan Sherman, Keith Jones, Deborah Heikes, Nick Jones, Bhavani Sitaraman, Ying-Cheng Lin, James Blackmon, Kristen Herrin, Phillip Bitzer, James Baird, Leonard Choup, Lingze Duan*

Guests: *Ray Pinner, Dee Childs, Dave Berkowitz, Robert Altenkirch*

- Faculty Senate President Mitch Berbrier called the meeting to order at 12:45 pm.
- Mitch Berbrier welcomed the Faculty and Staff Senates to this Joint Meeting and introduced the Guest Speakers: Ray Pinner, Dee Childs, and Dave Berkowitz.

❖ **Ray Pinner**

I was told about the \$9 billion deficit in the retirement system. I will try to give you an update on that. Most of the information I am presenting today comes directly from the Retirement System's Annual Audit Report. I have also looked at a study to give us some perspective.

- Background on Retirement System of Alabama
In total, it serves over 300,000 active and retired members. There are 209,000 active members. The DROP program was discontinued, but there are still over 4,000 people there. There are 123,000 retired members. The Retirement System is broken out into three separate funds: The Teacher's Retirement System, which serves all of K-12 and Higher Education, including UAH; State employees are members of the Employees Retirement System; and there's a separate system for the Judicial Retirement Fund.
- Background perspective on the assets that are held, according to the audited financials September 2013, the total assets of the Retirement System for all 3 funds was a little over \$32.9 billion. According to some information I found, it's the 115th largest retirement fund in the world.

Most of my comments from here on will be more directly aimed at the Teachers Retirement System because that's the one that I would suppose you would be most interest in since it affects you.

- **Teachers Retirement System:**
 About \$20.6 billion in assets. The portfolio, as of September 2013, was invested in equities (65%), fixed income (25%), and real estate (9.5%).
Pulled directly from the Audited Financial Report:
 There are about 51% in domestic stock of the total investment portfolio. 14% is international. Most of the fixed income is domestic or U.S. guaranteed bonds.
Returns from the portfolio:
 The overall return for the Teachers Retirement System—1 year was 14.9%, 3 years 11.45%, 5 years and 10 years, both, a little over 5%.
Additions to the fund for 2013:
 Member contributions were about \$477 million. The employer (UAH) kicks in 10.08%. That was part of the \$627 million that went in from the employer contributions. Investment income is the largest component at \$2.7 billion.
Deductions from the fund for 2013:
 Benefit payments to retirees is 96% of the payout of the expenditures for the fund, which is about \$1.9 billion.
 The administrative expenses are less than 1%, and that's pretty low. It's a pretty efficient structure.

- **Data**
 Every year, the Retirement System hires an actuary to give them an estimate of how well the assets that they have and the assets that they expect to accumulate over the next 20-30 years is going to cover the benefits and other expenses during that period. This is actually included in the Audited Financial Report. The actuarially value of the assets is about \$18.7 billion. There are a lot of moving parts to this; a lot of variables in how it's calculated: they use the current assets, they use a projected investment return over 20-30 years, projected payouts. A lot of assumptions go into that about lifespan of people who are in the system, so it's a very complex calculation.
 The actuary estimated liability of \$28 billion leaving an unfunded liability of about \$9.5 billion. That is a funding rate of about 66%.
 - Mitch Berbrier: Is the formula or the system by which they crunch these numbers at all standardized across, or comparable to, other pension funds?
 - Ray Pinner: I would say not. Each actuary and each system has their own way of doing it. One of the biggest variables is the assumed rate of return. I believe they use 8%, other states use anything from 6.25% to 10%.
 - Mitch Berbrier: If we had another actuary, we might have another situation?
 - Ray Pinner: Exactly. If they hire someone else, they may come up with a slightly different estimate.

- **Liability**
 It is not a good trend line. In 2007, the liability was a little over \$5 billion, and it's grown every year. Even though we have the 2013 financials, the most recent calculation was over 2012. It grew to about \$9.5 billion for 2012. The percent of liability that's funded went from about 79% to 66.5% that it is today.
 - Rich Miller: Would those growth changes be different if you go earlier than 2007/2008 before the economy changed, or have they been consistently going up/down?
 - Ray: In the states that I looked at, it's been consistently down since that time. Before that, there's variability, but in general, a higher level of funding across the board in

those states. One of the things that impacts this, again the calculation is very complex, is they smooth in investment performance over a 5-year period. So the crash in 2009 has not fully reflected yet in these numbers, but it would drop off once you get to the 5-year.

- How do we compare to other states?
Most other states have similar problems. The percentage may be more or less than ours as far as the funding and liability. A magic number that most financial folks are comfortable with in the studies I looked at is 80% funding level. 37 of the 50 are below that comfort level. In 2012, the aggregate, the average, was about 72%, compared to our 66.5%. The lowest was Illinois at 40%. Wisconsin was the only state that's fully funded. The combined shortfall for all states is estimated over \$1 trillion.
- How did we get here?
It didn't happen overnight. Common factors that occurred in most states (most are applicable to Alabama):
The ratio of retirees that are getting paid out to the currently active employees has grown significantly. In Alabama, a few years ago, the liability as a percent of payroll was about 84%, right now it's 152%. That's just one measure, but it's grown very dramatically. People are living longer. Our plan has been in place since the 1930s. The lifespan is higher now.
The investment returns are volatile in general. I haven't kept pace with the assumptions that a lot of the states are putting in place for the funding mechanism.
The funding that has been put into the plans from the states and the individual participants hasn't kept pace. Some states, but not Alabama, have skipped or reduced funding in bad budget years, and this is something they will have to deal with in the future.
The cost of living adjustments are made routinely that weren't factored in to the funding.
- A few charitable trusts do a lot of research on state governments and financial issues. According to the chart, in the aggregate in 2001, there were sufficient assets to cover the actuarially liability. Since then, the liability has grown disproportionately most every year. There is a very significant gap in 2012 that wasn't there 15 years ago.
- What is Alabama doing about it?
Ignoring it and hoping it goes away. That happens in all states. Alabama also instituted a pension reform starting in January 2013 that for new employees it is a totally new plan with reduced benefits. They require each of us to fund a larger piece. The university's contribution has been increased. Since 1994, the university matching piece has been as low as 4% and as high as 19%. It is currently 11%. Some states have gone to a defined contribution plan, basically a 403B high plan. Some have gone with that as the only choice for new employees, some have gone with that as an option. Others have looked at reduction of benefits, which generally means the reduction in cost of living increases, as opposed to actually whacking them out from the benefit that's being received.
- Audited financial report
"In our opinion the System is operating on an actuarially sound basis...Assuming that the contributions made year to year are at the rates recommended on the basis of successive actuary evaluations, the continued sufficiency of the Retirement fund...may be safely anticipated."

Basically they are saying that the funding is reasonable and if you follow their recommendations in future years and fund the system at the levels that they tell you to fund it, they believe that the benefits that have been promised will be provided.

Questions?

- Rich Miller: I think it's great that you're telling us this. Is there a reason why you're telling us this, besides being transparent?
- Mitch Berbrier: Because I asked.
- Rich: Oh okay. I didn't know if there was another message here that we should be concerned about, other than preparing.
- Mitch Berbrier: While I was at the Board of Trustees meeting, this came up and a lot of the trustees themselves were concerned about this, so I figured we should be concerned. The other thing was, until a few years ago, we were hearing that, relatively speaking, Alabama's pension funds were relatively well funded. Then we had an economic downturn and so we had these adjustments, individually and as a university, making more contributions; and newer faculty are getting fewer benefits, and you think that will help. Then you hear this and realize we still aren't out of the woods. I know you're not in charge of this, so I really appreciate you coming and sharing this ultimately negative news with us. Things like the ratio of retirees to current actives, or the lifespan trends, are things that, I would think, were long known—when these things were being put together. If those are explanations for the under-funded-ness, then somebody somewhere was not doing something, it seems to me. There are a lot of extraordinarily smart people putting these things together, so it's puzzling. Do you have a take on that?
- Ray Pinner: You're right, this didn't sneak up on us. In 2007 we were at the magic number of 80%, and that's when there is very little concern. But the reality is that the money to fund this flows through a political process and there are competing interests.
- Rich Miller: The plot you showed where things start to deviate, something happened in 2000/2001, not that we should get into a political debate, but something changed.
- Ray Pinner: In 2000 there was a crash. It goes through the process. For example, 2 years ago, whenever they boosted the payment from your paycheck from 5% to 7.25% then to 7.5%, they then cut the university's contribution. To me, the good solution of that was to maintain the university's contribution at the main level it was at, increase employee's contribution, and start feeding into this problem, but that's where political reality hit home. They had a certain amount of dollars to try to come up with to try and find the initiatives they wanted to fund, so they took that savings and used it for other purposes.
- Mitch Berbrier: So it's more of a political process than an actuarial error from 50 years ago?
- Ray Pinner: Yes, this isn't being done blindly. I need to qualify my answer by saying I don't have access to the math and all of the assumption that built into the actuary of calculating this, and without that, it's difficult to know exactly. They could have tweaked this 2 years ago or 5 years ago.

- Carmen Scholz: What are they doing right or differently in Wisconsin?
- Ray Pinner: I didn't have time to look for that. I can try to find that out.
- Charles Hickman: Both Wisconsin and Illinois have very high tax rates. Wisconsin is one of the highest tax states. I lived there for three years, and it's weird. It's a relatively conservative place, but at the same time kind of socialist. They take care of

people so they're keeping their eyes on this kind of stuff. They just tax their citizens pretty heavily but their citizens are okay with it because they get services.

- Earl Wells: I know you don't have the details and the actuary calculations, but were there any error bars? How sensitive is that number to the figures they use. If they're off by a very small percentage, how much would that change? Do they give you any indication?
- Ray Pinner: It's very sensitive. The biggest factor would be the investment returns. That has the most sensitivity. This will probably get worse. That's the most sensitive component. The Government Accounting Standards Board have looked at it and are going to mandate two things. One, a lower investment return assumption. In one of the articles that I read, it estimated if this new methodology, which goes into place 2015/2016, if that were in place today, that the liabilities will be higher by about 50%. So, they are requiring then a more realistic and a lower investment return assumption. The second thing they are going to do starting in 2015, the University is going to have to record its portion of liability on our books. Right now, the retirement system holds the entire liability. Starting in 2015 we will have to record that on our financial statements.
- Richard Miller: Each campus?
- Ray Pinner: Yes.

- Dana Warner: At what point do we run out of money?
- Ray Pinner: That's a real hard question to answer. The number will be mitigated somewhat when the crash in 2009 drops off the chart, by the way they average it in.
- Question from the floor: 20-30 years, or sooner?
- Ray Pinner: I read a story out there from an alleged expert who ran hedge funds with risky alternative investments, who said that 80% of these types of retirement systems in the country will be broke in 30 years. In the "comments," one guy said that this guy runs the type of investments that he would encourage you to invest in if that happens. Then, there are others who mainly are concerned about Illinois, Kentucky, Rhode Island—the 4 or 5 states that are in 40% or 50%. It's like asking what the stock market would do over the next 5 years.

- Question from the floor: In your research, you mentioned that some schools have moved to a 401k plan. In putting this together, did you find that useful?
- Ray Pinner: I think it's useful for the institutions, but from a personal level and from everyone I've talked to, having a defined benefit plan is one of the great reasons to be in higher education. You're mainly here because you love to teach, or you love to help students. If you take that benefit away, imagine you're on your own in retirement to invest and save and support yourself. It's not a comforting feeling.

➤ Mitch Berbrier: Thank you, Ray. Next is Dee Childs, who will give us some good news about IT.

❖ **Dee Childs** (Associate Provost and Chief Information Officer)

Summary of discussion: we have a new name, software, contracts that we've negotiated in the last year, and talk about some of our recent accomplishments in this academic year, things we have planned between now and the start of Fall semester and end of the year, share with you a recent recommendation made by your colleagues about a new Learning Management System, and some of the challenges and opportunities in the months ahead.

- This organization used to be called IT solutions, but we changed our name several months ago primarily to reflect the names of other offices at the University. We are now the Office of Information Technology. We also changed Tag help desk, so there is no more Tag help desk. Now it is OIT help desk. The organization chart will be on their website. The several vacancies in the chart have now been filled. We also did an internal reorganization to try and strengthen some areas that I felt like needed strengthening. One of the primary areas that was not at all represented on the chart before was a Chief Information Security Officer. We have a lot of intellectual property investments at the University, and throughout Huntsville. We have the honor in the city of being the number 2 cybersecurity target in the United States. We feel that every single day in my office. So we now have a Chief Information Security Officer named Russ Ward, and we will be working closely with risk management at the system level and also internally to strengthen our IT policies—some new kind of protocols to help protect us all and protect our intellectual property as well as our student data. Chad Hyatt is now taking over the help desk.
- Campus Wide Software Upgrades**
 We negotiated a new contract with Microsoft. It gives free operating system upgrades to all campus owned computers (not just student-owned computer). This means that if you have an old operating system such as windows XP, you can now upgrade it, and that includes a Mac, so if you want to run Windows on that, you can.
 We are considering adding campus wide Operating System licenses for servers. This impacts people who serve you in your unit. If they're running servers, right now they're having to pay for those licenses individually.
 That same agreement positions us to do some interesting things, but I'm not quite ready to do those interesting things yet. Right now, we are using Gmail, and I've heard both good and bad. If we chose to do so, we will have the opportunity to move to Office 365 (Microsoft Exchange email system). That will be free—no labor costs for us. But that is something we will consider and talk about at a later date in time, but I wanted to let you know it was out there.
- We have contracts for SPSS—if you want it you can get it for free and download it yourself. Last year, I think it was the Executive Committee of the Faculty Senate came to me and asked if we could get Qualtrics survey software, so you now have the institutional license for that. It's free and it's very robust. We negotiated a contract for GIS software. It may sound like it is only for geographers, but that isn't true. It is used in healthcare and anything where you want to create a mapping or a correlation between something that happens in an area (whether it's small or the entire world). We have unlimited licenses for RedHat Linux, and we also negotiated a smaller number of licenses for STATA software.
 Crashplan PROe—one of the best things we've done in the last year. We did it with the help of a task force from many of your units that help us evaluate a lot of different products. We have so much intellectual property sitting on desktops, apart from our institutional systems, and we wanted a way to safeguard that intellectual property. This is free software. You can download it and protect yourself by backing up your entire hard-drive. It's encrypted on your desktop and it's encrypted in flight to the place where it's being backed-up. We are also going to be using that same bit of software for HR data.
 The next license we probably are going to work on is MATLAB because we've gotten a lot of requests for that, and the institution is already spending vast amounts of money basically on little licenses here and there for MATLAB, so we are trying to consolidate those.

The next thing after that would be to get the campus a unified conferencing/webinar software. I hear a lot of need for that. There are so many ways to use that; for example, tutoring students.

We are also looking at laptop encryption software to protect those who carry laptops back and forth from work and home.

- **Adobe**
I realize that a lot of people would love to have an Adobe contract, and they ask me about it a lot, but unfortunately Adobe is one of those companies that feels like not only are they a marketplace need, but they have a monopoly on that particular type of software. So we looked at this from the system level, and basically Adobe said we are only going to sign one contract for the entire state. You're either in or you're out, don't try to negotiate that and don't try to negotiate the terms because you're a small campus. So the cost of that is \$77,097 to license the creative suite for the Adobe Creative Cloud per year. If we wanted to just get Acrobat Professional it's \$10,929 for one year. It's \$87,929 for campus wide license. So it's a pretty substantial investment, and I wanted to expose that to you so you know it's a possibility but it remains a challenge. So right now, if you do want to order Adobe products, the only thing I can tell you is to call Procurement and they will try to get you the cheapest prices. We do still get an education discount, and it's better than retail, but we do not have any ability at the moment to give you a free license or craft any better deals.
- **Chargerware** is a great utility. chargerware.uah.edu. It's not only a software repository, where we have put all the software we are currently licensed for at the campus level—it's self-serve so you can download it yourself, but we also have recommended best of free-ware. So if you're looking for a free graphics program, something to do the job but maybe it's not commercial software, we also have that. We will continue to build on that repository and also turn it into an information warehouse, so you know how many licenses exist across campus and how many are not being used if you need one. Check this frequently, because we update it frequently.
- We are on a 4- or 5-year classroom standardization and modernization plan. We have the classrooms that are scheduled by the registrar, and then we have a bunch of other classrooms and laboratories that tend to be operating by individual departments. We are focusing on, as the first wave, the classrooms that are scheduled by the registrar. There are around 150/155 classrooms and we are pacing ourselves through those. The funding formula for that partly depends on enrollment, so as enrollment goes up, then we have more money to do the classrooms. We have 45 done so far. We are doing 32 additional classrooms this summer. Panopto is our new lecture-capture system, which basically allows you to, either from your classroom or from your home or if you're travelling, to record your lectures simultaneous to your class or you can record them in advance and share them through the Learning Management System. Many faculty are using this now, and we expect that to increase over time, especially as we try to expand our distance learning opportunities for students.
- We also purchased additional bandwidth for the campus. We are now at 1 GBps for our main pipe; it doesn't include internet 2. We gave a lot of the bandwidth to students and they are experiencing a much better internet experience than they were before. We made that choice deliberately because we felt like they were constrained, and we also wanted to enhance the enrollment opportunities. There is also some deferred gratification on this campus, so there are many buildings whose network is anywhere from 10-20 years old, and

in some cases the building infrastructure doesn't support the higher bandwidth. So we have the pipe, but now we need to focus on the building infrastructure. So that's why you may not necessarily see 2 or 2.5 times the speed on your own workstation.

- We installed a new campus firewall over Christmas break that provides more cybersecurity protection for the University. We completed the indoor wireless last fall, including all of the student residences. We increased the number of devices that students can have on the wireless to 3; before it was 1.
- ChargerID. You've probably seen the initial result of this. This is a very long process and it's a multi-step process. We have consolidated some of different IDs and now we are standardizing on Charger ID. It's more complex than what it seems, primarily because of the applications. Most of the applications we use are not written internally. We contract with other companies to provide us with applications. Each one of those has their own proprietary method or solution of identity management. So this is an integration practice. We either write some code or we get the code from the vendor, and we have to integrate that into our own identity management system. This will continue over the next several years, so that hopefully we have this highly secure, but also completely integrated environment where you're logging in once and then you have access to the whole of the systems.
- We are also taking a look at 2-part authentication just for our highly secure banner. That means that you might login to the network and have access to all kinds of applications, but when you login to banner you might need to use a token or a one-time password to make banner highly secure. That's probably 2 years down the road—at least a year. We are evaluating it.
- About a month ago, I submitted 2 NSF proposals because there is a track within NSF for building cyber infrastructure on the campus. If we get one, that would allow us to expand our network pipe and it would allow us to do some of those network upgrades.
- A lot of what we do in IT is invisible to you, and much of it needs to be. My goal and my belief is that I would like to [make visible to you] the services and solutions we are providing, so that you know the investments we are doing are really increasing enrollment, increasing research, and helping us recruit new students. Those are the things my office is focusing on to the best of our ability.
- We do interact quite a bit with the FBI and Security Services. They have a lot of security investigations and sometimes we are called in to help them with those investigations. We do have a small IT Forensics team (1.5 people, including our new Chief Security Officer). A couple of weeks ago, they were successful in identifying a laptop that had been stolen from a faculty office. The UAH police came to us and asked if we could find it. Within 15 minutes, the police were able to walk to the building where this person was using the stolen laptop and retrieve the laptop and make an arrest. We have a pretty good ability, if called upon—and it's very carefully controlled, there are only 1 or 2 people allowed to do this—to track devices on the network, when asked to by legal authorities.
- We also help with annual financial audit by Price Waterhouse Cooper. This past year IT passed with no findings for the first time in many years. We also had a year-end closing with

the financial folks with 0 errors. That's the first time in seven years. So we are doing some really great things in terms of our enterprise financial systems.

- We are assisting various units around campus with their strategic objectives to implement software programs for recruitment, time-keeping. We have also implemented some payment gateways so that students in particular can pay for things with their credit cards. We've got Blackboard connect and we will be using it for an opt-in program to communicate with students about all kinds of campus activities.
- We also assisted with the Greenway construction process. We assisted with the wire and wireless completion in the new Charger Union, and all of the building refurbishments and moves occurring on campus. So every time somebody moves from one office to the other, my group is called to assist with the move.
- Along with Research Security, we have developed a laptop checkout program for anyone who is traveling abroad. They can, and are encouraged to, borrow one of these laptops and leave your personal laptops at home. These are fully encrypted, but also, more importantly, they don't have your personal data on them. When it comes back, we completely refresh that computer so nothing you did on it while you were away is at risk. We think that's a really good program.
- There is an antenna on campus that allows for a backup internet connection, if all else fails.
- Where are we headed and what kinds of things will we be doing in the future
Our number one objective is to do everything we can to support the strategic plan of the University. That means anything that has to do with increasing our enrollment, retaining students, keeping students happy. We are not just here for IT.
- This past year we had a campus-wide committee, Learning Management System Evaluation Task Force, who spent time evaluating the learning management system and just came up with a set of recommendations. That is to transition from Angel to another system called Campus. That is still in recommendation mode. I want to thank all of the faculty and staff who were involved in that evaluation.
- Questions?
 - Anne Marie Choup: What size are the laptops we can check-out for trips abroad? And what weight?
 - Dee Childs: They're probably 14 or 15 inches.
 - Carmen Scholz: There was an incident and the upgrades weren't working. I teach math classes at 5:30, when there's no one to call when the classroom upgrades aren't working. We spent all this money for upgrades—I hear something between \$20,000 and \$30,000 per classroom—but I obviously teach in a college that has no respect for the equipment (I show up and the cables are ripped out and the monitor is laying on its face). There's nobody in charge. You spend all this money, and to me it looks like we've let it go to waste already.
 - Dee Childs: I didn't know that they were being torn up. That's new information to me. I am aware that we don't have enough staffing for that organization. We have one FTE who supports all 150 classrooms. That's part of my set of recommendations

that I'll be giving to the Provost—is to allow us to have more staff to have people available during the early mornings and during the evenings, and throughout the day because we are understaffed.

- Rich Miller: You've done so much in the year you've been here. Do you have some protocol in place for selecting new software to make available on the Chargerware or to delete the existing software? Or is it who makes a better case? How is software decided to be deleted? Hopefully things aren't taken off of the availability list without some kind of significant dialogue. I want to encourage some kind of approach, either through the Senates or something involving conversation.
- Dee Childs: We need to formalize, through some formal IT government processes, and to set up some councils to deal with the wide range of issues. What I've chosen to put there is my best effort at trying to articulate what that might look like. I realize everyone is super busy already, and you add one more council to an already overloaded faculty and staff load, but I do think it's important. Right now we don't have a very good mechanism, as a campus, for determining what IT priorities there are just broadly speaking. I feel there should be some better method to better prioritize those, and software is certainly one of those. I would like to take on this challenge with your assistance of developing some councils or taskforces that can look at the different items that you all consider priorities, as well as some priorities that I have as well, that will help us make the right kind of estimates.
- Rich Miller: Maybe this is something for the VPR as well, but when we talked last fall, there was some discussion, long-term, of having a centralized computing facility or server room that could take a lot of the resources that are distributed around campus for research and put them in a centralized place that might be more efficient. Have there been any efforts for that?
- Dee Childs: Indirectly more than directly. We have some current challenges in our data center environment. We have some challenges with fire suppression, and we have some challenges with the diesel generator. I am trying to address those now. They're not cheap, though. I feel confident that by the end of the summer we will have addressed those. I do not feel comfortable pursuing any kind of dialogues asking everyone to bring all of their stuff to the data center while we have those kinds of challenges.

➤ Mitch Berbrier: Thank you, Dee. Next is Dave Berkowitz with Graduate Admissions.

❖ **Dave Berkowitz**

Thank you for inviting me.

- We have 3 new programs becoming available that will start up this summer: Master's of Arts in Education with an emphasis on Autism Spectrum Disorders; Master's of Arts in Education with an emphasis in Elementary Ed differentiated instruction, and then a certificate program as well. Those programs are going to be up and active as part of what we are doing.
- We've moved to the University Center, room 106, right behind Starbucks, through the door, and down the hallway.

- Graduate Council this year considered eliminating the outside observer for thesis and dissertation defenses. They voted to do that. Instead, the recommendation is that the outside committee member on those committees serves in a dual role. So the outside committee member will also be the outside observer. So you're no longer going to have to come to Graduate Studies and ask about this.
 - Deb Moriarity: Is there a new requirement to have an outside member on the committee?
 - Dave Berkowitz: That's the next point. Absolutely.

- We are talking about having an outside member—on thesis/PhD committees it has been there, but on Master's committees it has not. Those have typically been 3 members, usually from the department, but we would like and encourage you to do that—to add a member. We know that it's going to be a transitional process and we know that it will take time. In the current arrangement, we will take from one of the members, not the Chair, the document that documents whether or not it's fair, on time, etc. As you construct your committees, we want to encourage you to think about adding an outside committee member for your thesis committees.
 - Richard Miller: Isn't there a potential for a conflict of interest? If the outside committee member is part of the advising or part of the long-term plan? Wasn't that the purpose of the observer?
 - Dave Berkowitz: The purpose was to meet a requirement that said that we were treating our student fairly—hence the form that we all fill out. The Graduate Council thought about that and debated it and they said they don't see the harm in allowing a dual role here.
 - Letha Etzkorn: Normally for a Master's theses we have 3. So we are giving one of those over to an external person who probably doesn't know as much about it.
 - Dave Berkowitz: That's why I said we are in this transitional period. I want to get feedback from faculty as to how we add a 4th member. That's the recommendation that the Graduate Council thought about. They thought about adding a 4th member, which would be that outside member, or, in some cases, when Master's committees are established, you have a methods person that isn't necessarily in the department, but they're the methods person to help that student move along. So there's been some discussion of that. So it could be a methods person that fills that role. My thought is, when we reconvene with Graduate Council and come up with the final recommendation for Master's thesis, there's a good chance we will be adding a 4th member.

- We have occasional situations where a student has finished everything for their thesis, and they only need to turn it in. They don't meet our deadlines, so they have to come back the next semester in order to simply turn in the document and finalize some corrections. We talked about it and some departments have a one-hour thesis option. The recommendation of the Graduate Council is that all departments have this one-hour thesis option in order to fit that particular student. It's only a handful a year, but it's enough that we felt we needed a thesis option that is one hour to fit that category of students. So the recommendation is that all departments should have a one-hour thesis/dissertation option, and as long as everybody is comfortable with that they'll either have to put in a change course form or, if they want, I'll be happy to write a universal letter so that the registrar knows we will accept that one-hour thesis option in this particular case.

- Deb Moriarity: Just for clarification, that is if the student doesn't meet your deadlines, let's say for Spring semester, but they can get everything done and turned in before the start of summer, do they still have to enroll in that one-hour?
 - Dave Berkowitz: No. The way things read is it's for Fall/Spring semesters. We don't have a requirement that they are enrolled in the summer. In reality, we always have allowed students to complete work prior to the beginning of the next semester. Then they wouldn't have to enroll. We have a handful of students who come along and they've already defended, but they have to make some corrections, and they don't have time to make those corrections in between break, and what they end up doing is having to enroll for that semester. I think over the last year, it's been like 3 students. It's not very many.
 - Question from the floor: What is the reason to require students to register one hour?
 - Dave Berkowitz: They must be continuously enrolled until they complete their work.
 - Question from the floor: Why is that? I don't see the reason.
 - Dave Berkowitz: I can't give you a historical perspective, but this is how it works at virtually every university that I've been at. Deb can probably give more insight.
 - Deb Moriarity: The continuous enrollment requirement was put in place because of the large number of PhD students who were doing the work for their dissertation but then going off and getting jobs, and 4 or 5 years later coming back to get their degree. It was put in place for a number of reasons, but the biggest was to encourage students to finish their programs and graduate on time. I think it's only for the PhD programs.
 - Dave Berkowitz: That's correct. It isn't for Master's programs.
 - Deb Moriarity: For the Master's there is a requirement that you must be enrolled in 699 in every semester in which you're working on your thesis. And that's what causes this one-hour if you're still working on it and just completing the last corrections and turning it in—you're technically still working on it. So there's been the confusion if you have to be enrolled in 3 hours or 1 hour. The guidelines are typically, in the past are: if you haven't defended yet, you must be enrolled for a full 3 hours. But if you have already defended and you're just making corrections, then it's a 1 hour course. At that point, a number of departments did put in that 1 hour option, but not all.
 - Dave Berkowitz: Right, not all, and that's what we are trying to clean up. But it has been a process that's been in place here. I don't see any reason to change that for those who have not defended and have not completed their work. There are still students who are still working and the reality is that if they're working on it, then they're going to pay 3 hours' worth of tuition, at the PhD level. At the Master's level, that is not the case.
- You are all invited to our Open House. Graduate Studies will have an Open House on April 23 from 4 to 6 pm in the UC lobby. We started last semester with an Open House and we had about 40 students attend to find out about Graduate education. We already have about 40-45 registrants. So we know that we have people coming. So any of you are more than welcome to come and participate.
 - Admission times. One of the things that we have proposed to the Deans Council and has met with some acceptance at that level was a recommendation that was made to me by the interim Provost and President Dr. Altenkirch. He asked me to investigate how long it takes

for a student once they have applied to be admitted in our Master's program and to investigate a few other universities. So I actually went and talked to 3 other universities that have a process for non-thesis and for those programs that do not require additional kinds of evaluations, like a portfolio in an art program. In those scenarios, there were a few schools that are doing this: they were able to reduce the admission time for a student to a relatively short period of time. Right now, here, the University mean for a time an applicant puts in an application to the time they are admitted in a Master's program that doesn't necessarily have a thesis option is a little over 62 days. On the other hand, undergraduate here at the University takes about a week to get in an application and admit a student. So, we have proposed, from the Graduate School to the Deans Council, was for those programs that don't require a thesis in their program, have those programs provide criteria to the Graduate School and then have the Graduate School make the admission decision right up front, then forward the students to you to work with them in advising and enrollment, etc. At the same time, the Graduate School will continue a series of communications along the way to get that student to enroll. For domestic students it is not that big of a challenge. For international students it is. The reason is that we have to get paperwork in order and get them an I-20 so that they can come to this country to fulfill their education. What we are observing is that on the international front, the first school that shows up with the I-20 is typically the school that gets the student to enroll. Therefore, we want to shorten that cycle-time.

- It takes us about 1.5 days, including weekends, in the General College (just people we are admitting for certificates. We know that we can make that decision, given your criteria, a lot quicker. It requires the departments to really focus and work on criteria that is specific. It does two things: it lightens your load, which we do by eliminating you having to look through the denials, because once they don't meet the criteria on whatever levels you've provided to us, they are going to be denied, but those must be strict and rigid—the schools that I've talked to have told me that they have to live to that criteria—so once the criteria has been established and a student comes in who doesn't meet any of that criteria, they are automatically denied and there is no decision beyond that; it also speeds up our acceptance of those students and it allows us to start communicating with them quicker and allows us to start communicating with them immediately about getting enrolled, and bringing them to campus if we wish to do so, etc. We get those students engaged with us as fast as possible. We don't think we will be able to meet the undergraduate of 7 days. The reason is because we have a disproportionately high number of graduate students that are international. But we are hoping that we will be somewhere in the 14-21 day range. Don't ask how this happens, but we end up with applications that take 227 days to be reviewed. We are not sure why, though. We don't want to put blame on anybody, we just know you're burdened with a lot to do and we can eliminate some of that burden for you. It's really that simple.
 - Carmen Scholz: Setting our criteria that is so strict, how do you know a GTA decision or GRA decision?
 - Dave Berkowitz: That is your decision. That's not going to be our decision.
 - Carmen Scholz: But you admitted them, and now we have them, but we don't have the money.
 - Dave Berkowitz: It's still up to you to decide if you want to give money to this student. All we will say is, you've been admitted to our program, to the Graduate School, but it's still up to you to work with that student in your department to decide whether you want to give them a GTA, GRA, etc.
 - Carmen Scholz: So you don't make that decision?
 - Dave Berkowitz: No. This is not about financial decisions. This is about whether or not someone has the academic qualifications to be admitted to our Graduate School.

And those qualifications come from you and your department. We are just going to do it quicker, and that way it makes it easier for you to then know and focus on the things you want to focus on.

- Derrick Smith: So what is the process then, let's say a student is admitted, for the department to find out the student was admitted?
- Dave Berkowitz: We are working with Dee and her group to come up with a software system that would allow us to pass this information to each of you who are involved in that decision process immediately. So that software would come up and it would notify you that this student meets the qualifications, and it's up to you to start working with that student. Right now, it's going to be email notification. If we had 6 applications that day for your department, we would send an email list with a file that says these 6 have been admitted. That's today, but we are working on that software with Dee's group, and hopefully we will have some decision shortly.
- Kader Frendi: This admission body. You are talking mainly about the Master's level, not the PhD, right?
- Dave Berkowitz: Correct. We have a high percentage of students in our market who I would call professional students. They are coming in and are not doing thesis. In those instances, we are still able to cut down the decision time. We will give the student an opportunity on the application to determine up front if they wish to pursue a thesis option or non-thesis option, and it isn't binding. So they may come in and say they aren't doing a thesis, but then realize later they want to do one so they can work with a faculty member. But once they're here, they can make that transition pretty easily.
- Deb Moriarity: If they want to do research there's a lot, at the Master's level, that we look at other than their GPA, such as what courses did they have at the undergraduate level, what grades they made in these courses. If you put on their application that says non thesis versus thesis, I would suggest that maybe there be a link to explain that. So many students don't understand the different options.
- Dave Berkowitz: That's a good point. Students don't quite understand, but then after getting involved with a faculty member they decide that that's where they want to be, and they make that change. So we will give them as much information on the front part with the process we will have.
- Deb Moriarity: And if they want to change from a non-thesis to a thesis, the department can still change that?
- Dave Berkowitz: Yes, absolutely. Again, we aren't involved in the business of changing your decisions. We are trying to help you. So what we really want to do is find ways to make this easier on you. Getting students in to allow you more time to work with the students.
- Letha Etzkorn: My department has a large number of Master's level graduate students. Are we just assuming with this that all students who are qualified will be admitted? There's no maximum number? I can see that we might get overwhelmed.
- President Altenkirch: That's a good thing!
- Dave Berkowitz: That's a good result. The short term answer is yes. You will give us criteria, if a student meets one and not the other, we won't admit that student. We will send those back to you for your judgment, so you have some flexibility. But if they meet all criteria, then we are admitting them. That may be more than what you

have traditionally admitted to your programs, but I hope it is. The goal is to grow these programs to 2500 graduate students on this campus. We are at about 1750 today. So we have a large growth in front of us, and the objective is to find ways to bring more students to this campus. And I think the Chairs are aware of that. In most cases, except maybe Computer Science, there is classroom capacity.

- Rich Miller: When do you want that criteria?
- Dave Berkowitz: We want to implement for Fall semester—not for enrollments, but processing. I've already been working with several Chairs to start and they've been working with their faculty. Again, it's your criteria, not ours, but it allows us to move this faster.

Faculty Senate Joint Meeting with Staff Senate adjourned
April 17, 2014 at 2:15 pm



THE UNIVERSITY OF
ALABAMA IN HUNTSVILLE

Update on Teacher's Retirement System

Presented by Ray Pinner

April 17, 2014

Retirement Systems of Alabama Background

Serves 336,000 active and retired members

- Active: 209,014
- DROP: 4,547
- Retired: 123,035

Three Separate Funds

- Teachers' Retirement System (TRS): K-12, higher education, including UAH
- Employees' Retirement System (ERS): State employees
- Judicial Retirement Fund (JRF)

Governed by Boards of Control for each fund

Retirement Systems of Alabama Assets under Management 2013

Total Assets for TRS, ERS, JRF = \$32.9 billion

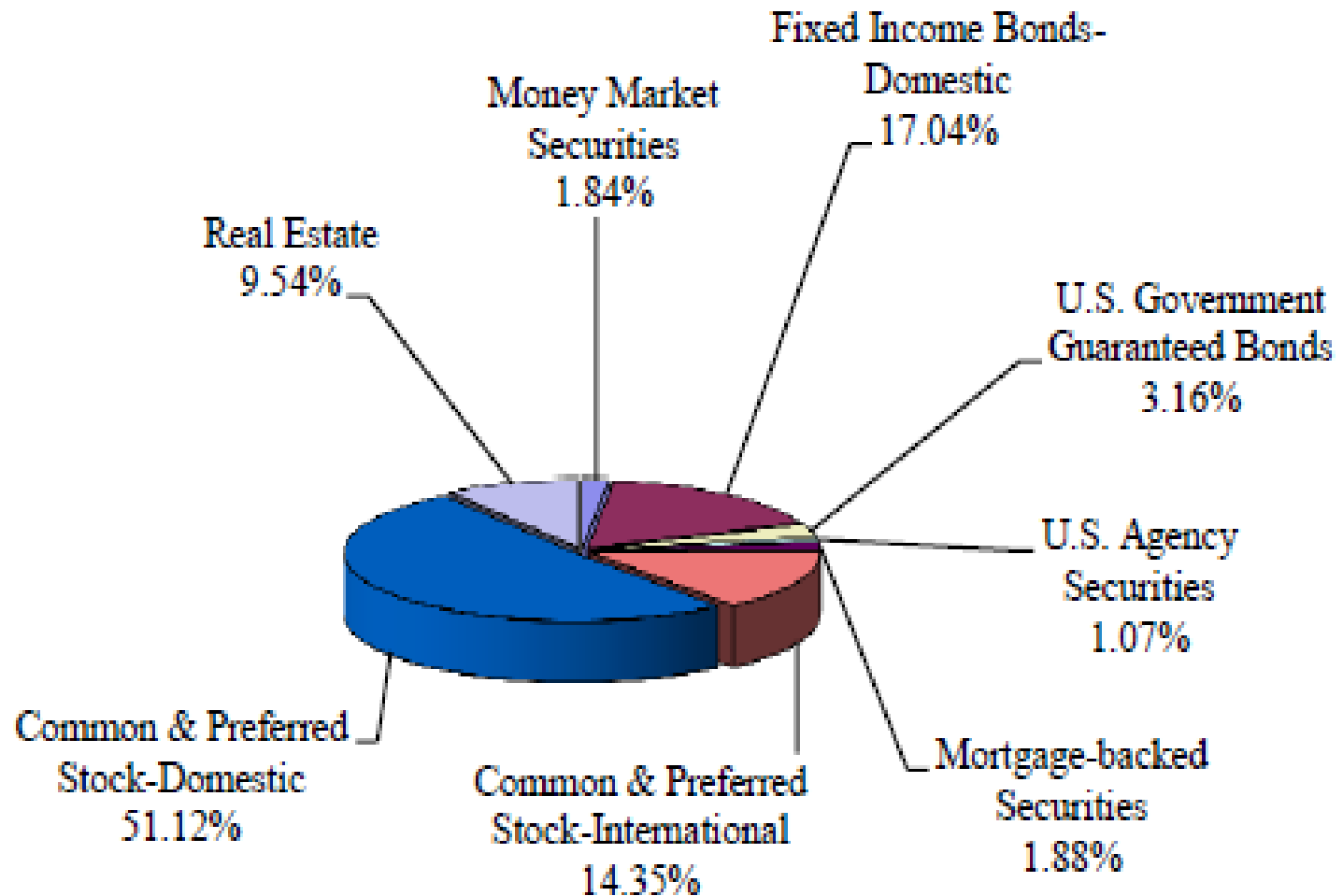
- 115th largest retirement fund

TRS Investments = \$20.6 billion

TRS Portfolio invested as follows:

- Equities = 65.47%
- Fixed Income Instruments = 24.99%
- Real Estate = 9.54%

**TEACHERS' RETIREMENT SYSTEM
INVESTMENT ALLOCATION
Fair Value as of September 30, 2013**



Source: Retirement Systems of Alabama,
Comprehensive Annual Financial Report, 2013

TRS Investment Portfolio Returns as of September 30, 2013

	<u>1-Year</u>	<u>3-Years</u>	<u>5-Years</u>	<u>10-Years</u>
Domestic Equity	21.46%	16.24%	10.24%	8.09%
International Equity	21.54%	8.04%	6.55%	8.52%
Fixed Income and Alternatives	5.63%	7.72%	3.19%	4.08%
Overall Return	14.93%	11.45%	6.68%	6.29%

TRS Additions by Source 2013

Member Contributions	\$	477,586,000	12.44%
Employer Contributions 10.08%	\$	627,892,000	16.36%
Investment Income	\$	2,732,706,000	71.20%
Total	\$	3,838,184,000	100.00%

TRS Deductions by Type 2013

Benefit Payments	\$	1,893,321,000	96.21%
Contribution Refunds & Death Benefits	\$	55,891,000	2.84%
Administrative Expenses	\$	12,591,000	0.64%
Other	\$	6,135,000	0.31%
Total	\$	1,967,938,000	100.00%

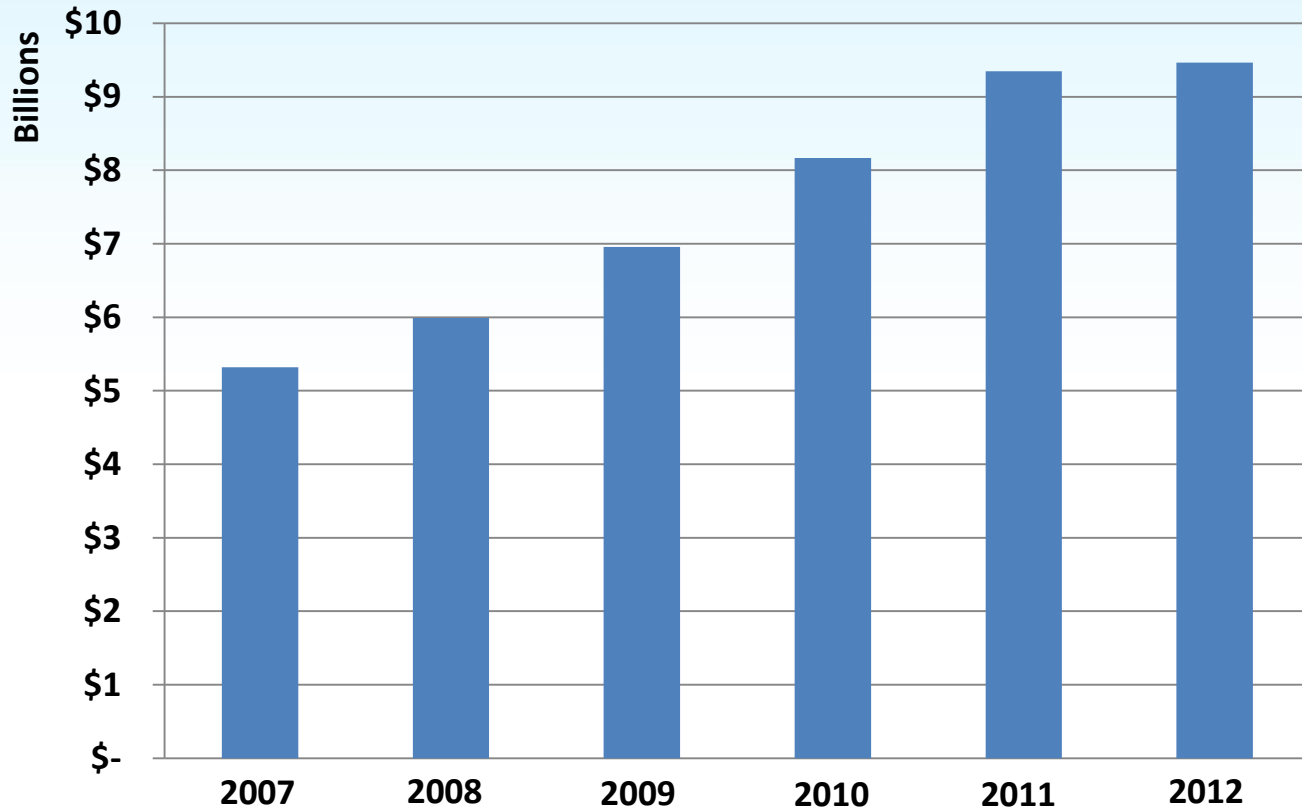
TRS Funding Status as Determined by Actuary

FY 2012 (latest data available):

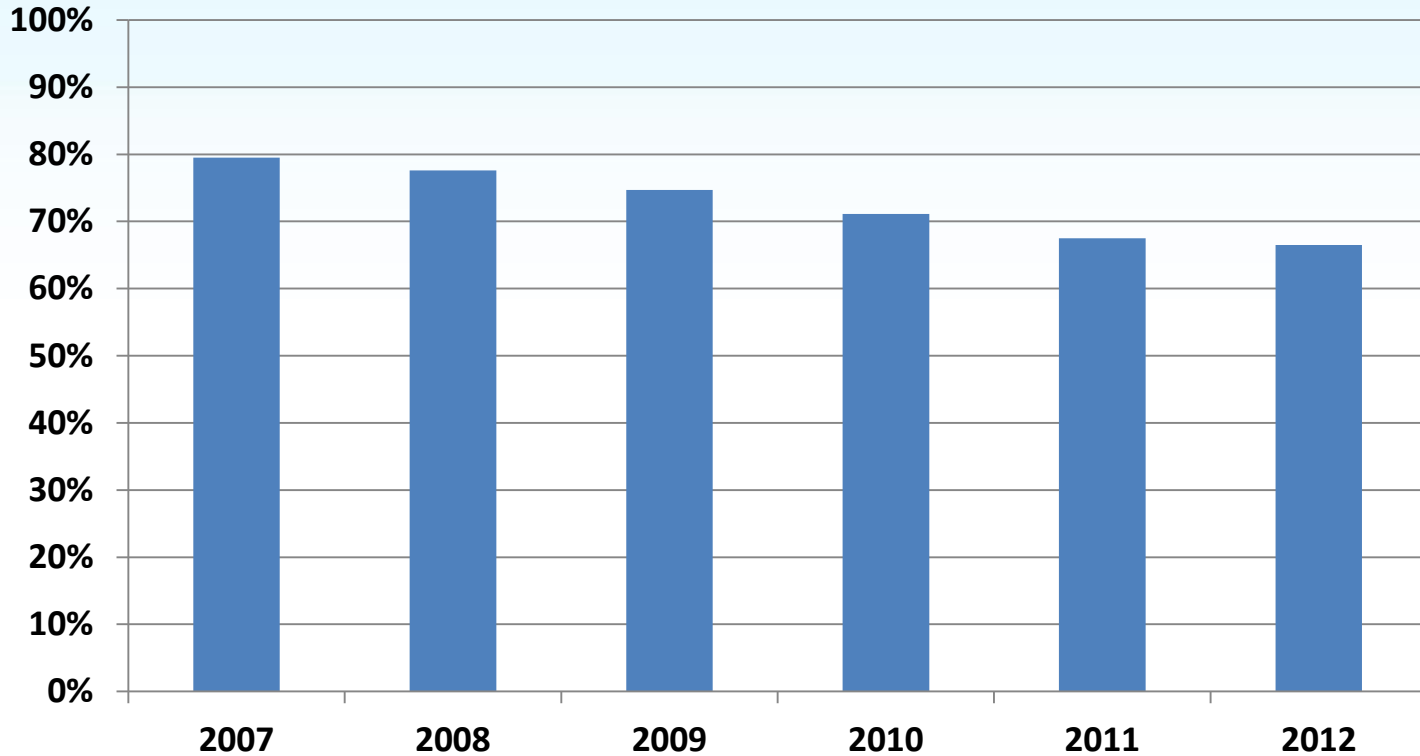
Actuarial Value of Assets	\$	18,786,008,000
Actuarial Accrued Liability	\$	28,251,367,000
Unfunded Actuarial Liability	\$	<u>9,465,359,000</u>

Percentage Funded 66.5%

Unfunded Actuarial Liability



Unfunded Actuarial Liability % Funded



What about other states?

Similar problems in many other states

- 37 of 50 states less than 80% funded for 2012
- Aggregate funding ratio = 72%
- Lowest = Illinois at 40%
- Highest = Wisconsin at 100%

Estimated combined shortfall of over \$1 trillion

- Downward trend line

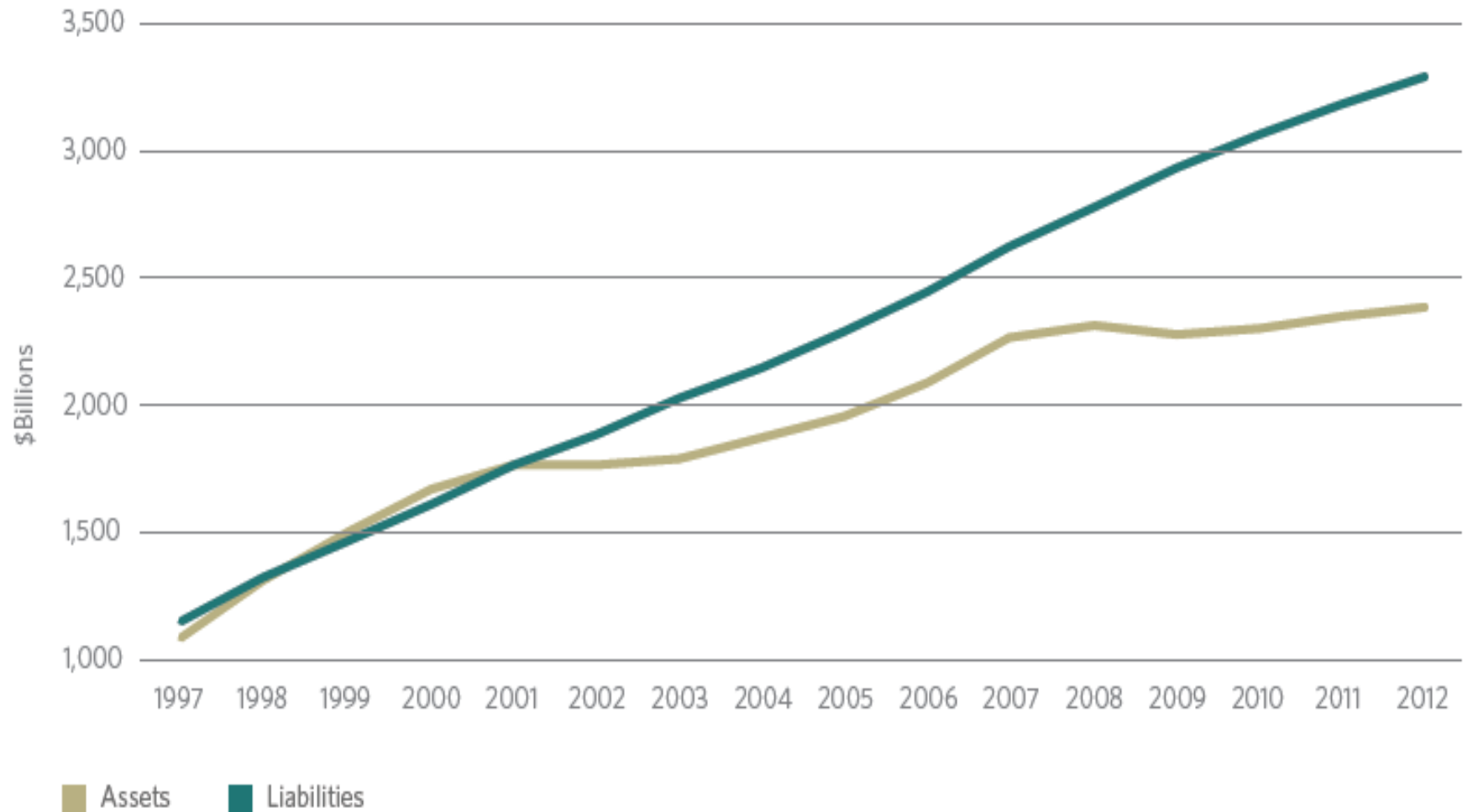
How Did We Get to This Point?

Over many years, common factors for most states are:

- Ratio of retirees receiving payout to currently active employees has grown significantly
- Lifespan of retirees has increased since initial implementation of plans
- Investment returns are volatile and have not kept pace with assumptions
- Funding from employees and employers has not kept pace
 - Some states have skipped or reduced funding in difficult years
- Unfunded cost of living adjustments

The Growing Gap in State Pension Funds

Pension funding has been declining since 2000 as liabilities have grown faster than assets



Source: The Pew Charitable Trusts

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What are Alabama and Other States Doing to Address the Issue?

Pension reform measures include:

- Ignoring the problems and kicking the can down the road
- Increasing required active employee contributions (Alabama)
- Increasing employer contributions (Alabama)
- Establishing a new plan for new hires with generally lower benefits (Alabama)
- Implementing a defined contribution plan as an option
- Reduction of benefits

Alabama Retirement System actuarial review for 2013:

“In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.”

<http://www.rsa-al.gov/index.php/about-rsa/publications/>