Position Statement for the American Association of University Professors, Kent State Chapter (AAUP-KSU), Tenured and Tenure-Track Faculty Unit

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The tenured and tenure-track unit of AAUP-KSU represents the 765 tenured and tenure-track faculty members (hereafter 'Faculty') of Kent State University.

A copy of the *Collective Bargaining Agreement* between the parties can be found at: https://www.aaupksu.org/images/TT/tt_cba_2015.pdf

The parties have agreed to retain the existing language of sixteen of the twenty four articles in the 2015 *Collective Bargaining Agreement*. Of the remaining eight articles, the parties have reached tentative agreement on five articles as well as on Addendum E. AAUP-KSU believes that tentative agreement on Article XIV (Other Benefits) could be reached outside of fact-finding. AAUP-KSU most recent proposals on the two remaining articles, Article XII (Salary), Article XIII (Medical Benefits), are attached. Also attached are the University's most recent proposals on these articles.

Article XII: Salary

The parties have agreed on language for Sections 1, 2, and 3 of this Article and on housekeeping changes throughout the Article. The main unresolved issues concern:

- Whether all Faculty will receive the same percentage standard increments raise (Section 5 A.1, B.1, and C.1);
- The specific percentages Faculty will receive as standard increment raises in each year of the contract (Section 5.A.1, B.1, and C.1);
- Whether Merit Awards or President's Faculty Excellence Awards will be provided (Section 5);
- The promotion increase for promotion to Associate Professor (Section 6);
- Salary Minima (floors) for each rank (Section 7).

Each is summarized below and a rationale for the AAUP-KSU position is provided.

Whether all Faculty will receive the same percentage standard increments raise (Section 5 A.1, B.1, and C.1):

Summary:
The University is proposing a tiered approach to standard increments on which Faculty would receive a different percentage increase depending upon what salary tier they fell in. AAUP-KSU Rejects this approach in favor of the traditional across-the-board approach to standard increments.

Rationale for AAUP-KSU's position:
The University's approach would exacerbate salary compression which occurs because raises received by continuing Faculty do not keep pace with market driven increases in starting salaries offered to new Faculty. The result is that Faculty with less seniority have salaries equal to or even higher than Faculty with more seniority at the same rank. The parties had addressed salary compression in the 2015

Collective Bargaining Agreement.[1] The University's proposal would reverse and could erase that progress.

The University's approach would also create salary inversion. Salary inversion occurs in the following type of case: Suppose that a Faculty member X has an AY 17/18 salary of $100,010 and a Faculty member Y has an AY 17/18 salary of $99,990. Under the University's proposal Faculty member X would receive a 1% standard increment raise and earn $101,010 in AY 18/19 while Faculty member Y would receive a 2% standard increment raise and earn $101,990 in AY 18/19. So, whereas Faculty member X earned $20 more than Faculty member Y in AY 17/18, Faculty member Y would earn $980 more than Faculty member X in AY 18/19.

Additionally, higher paid Faculty members are currently required to contribute a higher percentage of the premium for their medical benefits.[2] This would remain true on either party's proposal for Article XIII (Medical Benefits). Providing higher paid Faculty with a smaller percentage standard increment than lower paid Faculty while continuing to require that higher paid Faculty contribute a higher percentage of the premium for their medical benefits seems patently unfair. Faculty members have made clear to AAUP-KSU that they view the University's proposal as unnecessarily divisive. Any motivation the University's proposal might have had was rendered moot by the University's proposal of October 24, 2018 that proposed giving a higher percentage to higher paid Faculty in AY 20/21. In the University's most recent proposal, the University has proposed that Faculty in all salary tiers would receive the same percentage increase in AY 20/21.

The specific percentages Faculty will receive as standard increment raises in each year of the contract (Section 5 A.1, B.1, and C.1):
Summary:
The University is proposing the following standard increment raises in each of its three salary tiers in each year of the contract:

2018/2019 University Proposal	**AY 18/19**	**AY 19/20**	**AY 20/21**
Earning less than 80K	3%	3%	2%
Earning more than 80K but less than 100K	2%	2%	2%
Earning more than 100K	1%	1%	2%
Across the Board Equivalence:	**1.94%**	**1.83%**	**2%**

AAUP-KSU is proposing that all Faculty members receive the following percentage increases:

2018/2019 AAUP-KSU Proposal	**3.5%**	**3%**	**3.5%**

Rationale for AAUP-KSU's position:
In 2015, the University asserted that its historical salary proposals (standard increment) have been influenced by the "fair marketplace" for continuing faculty salaries contained in AAUP's *Annual Report on the Economic Status of the Profession*. Speaking for the University, Eric Mintz stated:

> "Historically over the long-term continuing faculty salary increases follow a pretty stable pattern. I mean, there [are] ups and downs from contract to contract, but basically for continuing faculty they [salaries] increase by the amount of inflation plus a certain amount per year, and this ensures

[1] See Article XII, Section 5.A.2 of the 2015 *Collective Bargaining Agreement*.
[2] See Article XIII, Section 1.B6, and Schedule A of the 2015 *Collective Bargaining Agreement*.

that you keep up with inflation, but that over the course of your career your standard of living increases" (Collective Bargaining Meeting Transcript of July 29, 2015, p. 14, lines 4-10).

He went on to note that, when one compares the nominal and real salary increase for Full Professors contained in Table A of AAUP's *Annual Report*, nation-wide faculty salary increases had averaged over the last ten to fifteen years to be inflation plus a little over one percent.

In December of 2018, the inflation rate was 1.9% and the average rate of inflation over 2018 was 2.4%.[3] Table A of the 2017-2018 *Annual Report on the Economic Status of the Profession*[4] shows that the nominal salary increases for Full Professors nation-wide has averaged 2.8% over the last 10 years (3.5% over the last 15 years). A comparison of the nominal and real salary increases for Full Professors contained in that Table A reflects that nation-wide faculty salary increases have averaged to be inflation plus 1.2% over the last 10 years (1.3% over the last 15 years). So, using the same theory of standard increment raises articulated by the University in 2015, one would expect the University to be proposing a standard increment raise of over 3% for all Faculty in each year of the contract. It is also worth noting that, nationally, average hourly earnings rose over 3% in 2018[5] and the cost of living adjustment for those eligible for Social Security and Supplemental Security will be 2.8% in 2019.[6] Instead of keeping up with inflation and increases in national hourly earnings, the University's proposal would entail that Faculty earning $80,000 or more see real wage decreases in each year of the contract (note that the median salary for Faculty in AY 17/18 was $84,753.50).

In its FY 2019 budget, the University has budgeted enough for Faculty Salaries to cover the salaries of the 26 new Faculty hired in the fall of 2018 and to give the continuing Faculty a 3% raise in AY 18/19. It is unclear why the University is not proposing to spend what it has budgeted.

It is worth noting that the University has a history of underspending what it has budgeted on Faculty Salaries. In FY 2010, the University adopted a new budget model. Since then, the average differential between what the University has budgeted and what it has actually spent on Faculty salaries has been more than $5.2 million. The highest differential was in FY 2017 when the University budgeted over $6.8 million more than it actually spent on Faculty Salaries. The lowest was in FY 2011 when the differential was over $2.7 million. (Each 1% of Faculty Salary is the equivalent of roughly $700,000.)

Kent State Faculty salaries lag behind the median salaries by rank in the East North Central Region that contains Ohio for Category I (Doctoral) institutions according to AAUP's 2017-2018 *Annual Report on the Economic Status of the Profession* (see table 4).

AY 17/18	Regional Median Salary	Kent State Median Salary	Difference
Full Professor	$131,800	$115,995	$15,805
Associate Professor	$94,683	$88,764	$5,919
Assistant Professor	$84,281	$76,503	$7,778

[3] https://www.usinflationcalculator.com/inflation/current-inflation-rates/. Note that, for 2017, both the December rate of inflation and the year average were 2.1%. For 2016, the December rate was 2.1% and the year average was 1.3%. Under the 2015 *Collective Bargaining Agreement*, Faculty received standard increment raises of 2% in each of AY 16/17 and 17/18.

[4] https://www.aaup.org/sites/default/files/ARES_2017-18.pdf

[5] https://tradingeconomics.com/united-states/average-hourly-earnings

[6] https://www.ssa.gov/news/cola/

When considered as a total salary package, the University's proposal is significantly weaker than the total salary package in recent contracts:

Contract Year	Across the Board Raises 1st year	2nd year	3rd year	Merit Pool(s)	Total Salary Pool
2108/2019 (University proposal)	1.94%	1.83%	2%	0%	5.77%
2015[7]	2%	2%	2%	2%	8%
2012[8]	2%	2%	2%	4%	10%
2008	3%	3%	3%	4.5%	13.5%

Moreover, were the University's proposed total salary package adopted as the new contract, it would be the weakest salary package in the history of the two parties going back to (and including) 1985. As will be discussed below, the University is in a relatively strong financial position. As such, it is unclear why the University is unwilling to provide raises to its Faculty that would allow their salaries to keep pace with and slightly exceed inflation.

Whether Merit Awards or President's Faculty Excellence Awards will be provided (Section 5):
Summary:
AAUP-KSU has proposed a 2% pool to fund Merit Awards in AY 19/20. The University has rejected this proposal and instead has proposed a pool of $210,000 to fund President's Faculty Excellence Awards (PFEAs).

Rationale for AAUP-KSU's position:
AAUP-KSU is not opposed to President's Faculty Excellence Awards in principle, but has made clear that, if there are insufficient funds to provide for both PFEAs and Merit Awards, the Faculty prefer Merit Awards. There have been merit awards in all but two (1992 and 2005) of the 11 *Collective Bargaining Agreements* between the parties since 1985. PFEAs were new in the 2015 *Collective Bargaining Agreement*, which contained provisions for both Merit Awards and PFEAs. During the 2015 negotiations, AAUP-KSU made clear that we had no intention of replacing Merit Awards with PFEAs at any point in the future. At that time, the University expressed that it had no interest in eliminating Merit Awards. Faculty represented by AAUP-KSU prefer Merit Awards to PFEAs because the process for Merit Awards is more transparent, provides for more Faculty input in shaping criteria for the assessment of meritorious performance, and allows the University to reward a wider range of meritorious performance than PFEAs. AAUP-KSU is concerned about the precedent that would be set if the new contract provides for PFEAs but contains no provision for Merit Awards. If the new contract does not provide for Merit Awards, AAUP-KSU would prefer that the contract contain no provision for PFEAs either and that the savings be put toward standard increment raises.

The promotion increase for promotion to Associate Professor (Section 6):
Summary:
The parties have agreed to increase the promotion increment for promotion to full Professor by $1,000. AAUP-KSU is also proposing to raise the promotion increment for promotion to Associate Professor by $1,000. The University has rejected this proposal.

[7] In addition to standard increment raises and merit awards, the 2015 *Collective Bargaining Agreement* contained a provision for a $400,000 pool for PFEAs. Inflation was near 0% in 2015.
[8] It is worth noting that the 2012 *Collective Bargaining Agreement* contained a relatively strong salary package even though the recession hit the University in 2012 and temporarily wiped out the University's stock market investments.

Rationale for AAUP-KSU's position:
At no point in the bargaining history of the parties has the promotion increment for one rank but not the other been raised. Kent State University is one of six public universities in Ohio ranked in the top 200 of National Universities by US News & World Report[9] and yet Kent State's promotion increments for promotion to Associate Professor lag behind the University of Akron and University of Toledo, neither of which is ranked as a top National University by US New & World Report. Given that Kent State Faculty Salaries lag behind East North Central Region peers at all levels, it is unclear why the University wouldn't agree to increase the promotion increment for promotion to Associate Professor by $1,000.

Salary Minima (floors) for each rank (Section 7):
Summary:
AAUP-KSU is proposing to raise the salary minima for each rank by 5% resulting in the following salary floors:

	9 mo. contract	*12 mo. contract*
Professor	$84,941	$103,817
Associate Professor	$70,804	$86,538
Assistant Professor	$55,017	$67,243

The University has rejected this proposal.

Rationale for AAUP-KSU's position:
Kent State's current salary floors by rank (for 9 month Faculty) are:

- Full Professor: $80,896,
- Associate Professor: $67,432,
- Assistant Professor: $52,397.

Kent State's salary floors lag behind:

- Wright State University for Professor ($90,033) and Associate Professor ($73,605); and
- Cleveland State University ($55,000), University of Toledo ($54,000), and Youngstown State University ($54,038) for Assistant Professor.

None of those institutions are ranked in US News & World Report's rankings of top National Universities.

Article XIII: Medical Benefits
The parties have agreed on language for Sections 2, 4, 5, 6, and 7 of this Article. The parties have also agreed on language for sub-sections A and C of Section 1. The main unresolved issues concern:

- The structure of PPO plans that will be offered to Faculty (Section 1.B.1-4 and Attachment A);
- The percentage contributed toward the premium by the median salaried Faculty member (Section 1.B.5 and Schedule A);
- The model for Faculty contributions toward the premium for the plans offered (Section 1.B.5-6 and Schedule A);
- Maximum co-insurance for individual prescriptions and specific language governing prescription coverage (Section 1.D).

Each is summarized below and a rationale for the AAUP-KSU position is provided.

[9] https://www.usnews.com/best-colleges/rankings/national-universities

<u>The structure of PPO plans that will be offered to Faculty (Section 1.B.1-4 and Attachment A):</u>
Summary:
Neither party has proposed changes to the structure of the High Deductible Health Saving Plan (HDHP) that replaced the 70/50 PPO plan in 2016 (see 2015 *Collective Bargaining Agreement*, Article XIII, Section 1.B.3). The University is proposing to eliminate the 90/70[10] and 80/60 PPO plans and to replace them with an 85/60 PPO plan. Although the 85/60 PPO plan proposed is in many ways similar to the current PPO plans, it has an annual out of pocket maximum for in network coverage that is 60% higher than the annual out of pocket maximum for in network coverage on the 90/70 PPO plan and that is 33.3% higher than the annual out of pocket maximum for in network coverage on the 80/60 PPO plan.

Annual Out of Pocket Maximum (in network)	Current 90/70 PPO	Current 80/60 PPO	University's Proposed 85/60 PPO
Single Coverage	$750	$900	$1,200
Family Coverage	$1,500	$1,800	$2,400

AAUP-KSU proposes that we retain the 90/70 and 80/60 PPO plans and rejects the University's proposal to replace them with an 85/60 PPO plan with such a high annual out of pocket maximum.

Rationale for AAUP-KSU's position:
During the 12 years that the 90/70 PPO plan was available to all KSU employees, more than 80% of employees elected into that plan. Of the unionized employees who still had access to the 90/70 PPO plan in 2018, over 80% elected into that plan including 81.61% of Faculty. In 2018, 11.58% of Faculty elected the 80/60 PPO plan, and only 6.54% of Faculty elected the HDHP.

In AAUP-KSU's pre-negotiation poll of Faculty, 79.59% of Faculty responding reported being either satisfied or very satisfied with their current medical insurance from Kent State. When asked how satisfied they would be with a change from our current PPO plans to the 85/60 PPO plan the University had imposed on unrepresented employees for 2018, over 53% of Faculty responded that they would be either dissatisfied or very dissatisfied and 41% answered 'no opinion or not sure'. (At that point in the poll, AAUP-KSU had not yet informed respondents that the cost to the employee for the 85/60 PPO plan was greater than for the 90/70 PPO plan.) Additionally, Kent State Faculty members have made clear to AAUP-KSU that they would prefer to have a choice of PPO plan coverages. The University's proposal would offer no choice of PPO plan coverages.

Although the University has suggested that our 90/70 PPO plan is unusually rich, several public institutions in Ohio whose faculty are unionized have 90/70 PPO plans including University of Toledo, Cuyahoga Community College, and Youngstown State. University of Cincinnati offers faculty a 100% PPO plan.

While several public institutions in Ohio whose faculty are unionized have adopted an 85/60 PPO plan, including the University of Akron and Bowling Green State University, we can find no example of such an institution whose 85/60 PPO plan includes as high an annual out of pocket maximum for medical coverage as the University is proposing. Bowling Green State University's annual out of pocket maximum is $800 for single coverage, $1,600 for employee plus one dependent, and $2,400 for family coverage. (Kent State University does not have an employee plus one dependent option for medical benefits.) The University of Akron's *Collective Bargaining Agreement*, does not list a medical only out of pocket maximum. However, their combined medical/prescription annual out of pocket maximum is $2,500 for single coverage and $5,000 for family coverage. The combined medical/prescription annual

[10] The 90/70 PPO plan covers 90% of the cost for in network claims and 70% of the cost for out of network claims.

out of pocket maximum on the 85/60 PPO plan being proposed by Kent State University is $7,350 for single coverage and $14,700 for family coverage, and is subject to change annually.

The percentage contributed toward the premium by the median salaried Faculty member (Section 1.B.5 and Schedule A):

Summary:

Under the 2015 *Collective Bargaining Agreement*, employees at the median University salary paid 15% of the insurance premium for the 80/60 PPO plan and 17% of the premium for the 90/70 PPO plan. However, the median salaried Faculty member paid 19.5% of the premium for the 80/60 PPO plan and 21.5% of the premium for the 90/70 PPO plan in 2017 and 2018. The MOU between the parties of October 23, 2018 addressing the shift in the median tier from tier six to tier seven[11] slightly reduced these percentages for 2019. As a result, the median salaried Faculty member currently pays 19.15% of the premium for the 80/60 PPO plan and 21.16% of the premium for the 90/70 PPO plan. The University's proposal would require employees at the University median salary to pay 18.5% of the premium for the 85/60 PPO plan, but would entail that the median salaried Faculty member pays 22.66% of the premium based on the percentage of premiums paid by unrepresented employees for that plan in 2019.

AAUP-KSU's proposes that the median salaried Faculty member pay 19.5% of the premium for the 80/60 PPO plan and 21.5% of the premium for the 90/70 PPO plan.

Rationale for AAUP-KSU's position:

AAUP-KSU understands that healthcare costs go up over time and that there is sometimes a need for an employer to request that employees pay more for their healthcare benefits. Usually this is done by either asking employees to pay more for their current coverage or by reducing the coverage offered to employees. The University is asking the 80%+ of Faculty who elect the 90/70 PPO plan to pay more for less coverage. When the deductible, annual out of pocket maximum, and employee share of premium are factored in, the increase in the cost of the 85/60 PPO plan is the equivalent of between 0.64%-0.66% of the median Faculty salary for single coverage (depending upon whether the Faculty member is currently enrolled in the 90/70 or 80/60 PPO plan) and between 1.37%-1.50% of the median Faculty salary for family coverage. This does not take into account the additional costs that Faculty currently on the 90/70 PPO plan would face given the shift to only 85% in network coverage and 60% for out of network coverage. It is also worth noting that the University has not proposed any increases in the percentage of the premium that would be paid by the 6.54% of Faculty who elect the HDHP. As such, the University's proposal seems to be aimed at motivating Faculty to consider the unpopular HDHP plan rather than addressing raising healthcare costs.

Although healthcare costs are increasing, a significant portion of the increase is due to an increase in the number of healthcare eligible employees hired by Kent State University. Between 2012 and 2018, the number of employees receiving healthcare benefits at Kent State University increased by 534. So, although the compound annual growth rate (CAGR) between 2012 and 2018 in total healthcare costs was 8.74%, the CAGR in per-enrollee costs during the same time period was only 6.21%.

Between Fiscal Year 2010 and Fiscal Year 2018, the compound annual growth rate on Educational and General (E&G) expenditures for benefits (4.30% CAGR) has not substantially exceeded the growth rate in overall E&G expenditures (4.22% CAGR).[12] The percentage of overall E&G expenditures dedicated to benefits has also remained flat between Fiscal Year 2010 (20.05%) and Fiscal Year 2018 (20.16%).

[11] This MOU is discussed in more detail below.

[12] It is worth comparing these growth rates to the growth rate for Administrative and Professional Staff salaries during the same period (CAGR of 5.77%).

The Group Insurance Account Activity Report evidences that, between Fiscal Year 2012 and Fiscal Year 2018, transfers into the account (especially from employee payroll deductions) are growing at a faster compound annual growth rate than expenditures out of the account:

Transfers into the Account from Employee Payroll Deductions:	9.51% CAGR
Transfers into the Account from Other University Accounts to Cover the University's Share of Benefits:	7.74% CAGR
Combined Transfers into the Account:	**8.07% CAGR**
Total Expenditures out of the Account:	**7.95% CAGR**

As a result, the carry-over fund balance of the Group Insurance Account is increasing by an average of $788,553 per year.

It is clear that recent steps taken by the University to reduce healthcare costs (institution of a wellness program and moving to a single medical insurance vendor) have been successful. Premiums for the PPO plans offered by Medical Mutual of Ohio in 2019 only increased 0.65% over premiums for the same plans in 2018. Premiums for the PPO prescription plan are 3% lower in 2019 than in 2018. Premiums for vision coverage in 2019 are identical to those in 2018. The result is that the total premium (combined medical, prescription, and vision coverage) for the PPO plans offered by Medical Mutual of Ohio slightly decreased (0.2%) in 2019 relative to 2018. So, there is little or no evidence that there is a need to significantly shift healthcare costs onto Faculty at this time.

The median salaried Faculty member at Kent State already pays a higher percentage of the premium for our current 90/70 PPO plan (21.5% in 2018 and 21.16% in 2019) than faculty at other Ohio public institutions with collective bargaining. Faculty at other institutions who earn the equivalent of the median Kent State Faculty salary generally pay 20% or less of the premium for the PPO plan that provides the best coverage. The exceptions are the University of Akron and the University of Toledo whose faculty pay 21% of the premium.[13] The University's proposal would increase the percentage of the premium Kent State's Faculty contribute to 22.66% while reducing the coverage provided by our best PPO plan.

It is worth noting that, prior to 2018, the University extended the medical benefits negotiated by the tenured and tenure-track unit of AAUP-KSU to all unrepresented employees. (Additionally, the full-time non-tenure track unit of AAUP-KSU has "me too" language that references the tenured and tenure-track unit *Collective Bargaining Agreement*.) However, during open enrollment for 2018, the University deviated from this decades old practice and eliminated the 90/70 and 80/60 PPO plans for unrepresented employees and instead offered the 85/60 PPO plan with a high annual out of pocket maximum and with a median employee contribution rate of 18.5% of the premium as the sole PPO plan. During the 2018 negotiations with AAUP-KSU, the University has not significantly wavered from its initial proposal of August 9, 2018 on Article XIII that would make Faculty represented by AAUP-KSU accept the 85/60 PPO plan and employee contribution rates toward the premium that has been imposed on unrepresented employees.[14] AAUP-KSU understands that the University has management rights to offer whatever medical benefits it sees fit to unrepresented employees. However, AAUP-KSU believes that its right to

[13] Faculty at University of Cincinnati, Wright State University, and Shawnee State University all pay fixed dollar amounts for healthcare coverage rather than a percentage of the premium.

[14] In the University's most proposal of January 23, 2019, the University did propose a slight decrease in the annual out of pocket maximum ($1,200 for single coverage and $2,400 for family coverage) relative to the 85/60 PPO plan imposed on unrepresented employees ($1,500 for single coverage and $3,000 for family coverage).

collectively bargain healthcare benefits is threatened by the stance that the University has taken with respect to Article XIII.

The model for Faculty contributions toward the premium for the plans offered (Section 1.B.5-6 and Schedule A):

Summary:

The University is proposing that Section 1.B.5 continue to specify contributions toward the premium only for the median salaried Kent State University employee. Section 1.B.6 would continue to read:

> "There shall be twelve (12) salary levels in the schedule of employee contributions. Contributions per paycheck will be calculated in the same manner as those appearing the estimates in Schedule A attached."

Historically, the median salary has fallen in tier six of the twelve tiers, but moved into tier 7 for 2019. On the University's proposal, Schedule A would continue to reflect the contributions for each salary tier in specific dollar amounts per pay period that were in place in a previous year rather than the contributions for each tier going forward.

AAUP-KSU is proposing a new contribution model for Schedule A that has an odd number of salary tiers defined by a normal curve of Faculty salaries with the current median Faculty salary in the middle tier. Percentage contributions for all Faculty salary tiers would be specified in Schedule A. Both the salary tiers and the percentages would be fixed for the life of the Agreement. Since the tenured and tenure-track unit of AAUP-KSU only represents Faculty, AAUP-KSU's proposal for Schedule A contains all and only salary tiers in which Faculty salaries would fall.

Rationale for AAUP-KSU's position:

During negotiations for the 2015 *Collective Bargaining Agreement*, AAUP-KSU noted that the median salary was likely to jump from tier six to tier seven of twelve tiers and proposed adopting a contribution model that, like our current proposal, would have an odd number of tiers defined by a normal curve of salaries with the median salary in the middle tier and percentages specified for each tier. This proposal was rejected by the University. In 2016, the median salary did indeed jump into tier seven. AAUP-KSU volunteered to negotiate a side agreement codified in an MOU on November 16, 2016 that adjusted the salary ranges in the twelve tiers so that the median salary would again be in tier six. That MOU also codified the specific percentage of the premium that would be paid by employees in each tier. In the absence of such an agreement, the University would have lost a substantial amount of money in employee contributions on AAUP-KSU's interpretation of the manner in which employee contributions are determined for tiers other than the tier containing the median salaried Kent State employee.

In 2017, AAUP-KSU requested that the contribution model be put on the agenda for the Healthcare Benefits Review Committee (HBRC). On May 2, 2018, AAUP-KSU presented its normal curve model to the HBRC and again warned that the median salary was likely to jump into tier seven in the next few years. The University ignored this warning in its initial proposal of August 9, 2018. On August 24, 2018 AAUP-KSU once again proposed a contribution model defined by an odd number of tiers defined by a normal curve of salaries with the median salary in the middle tier. This proposal was verbally rejected by the University on September 19, 2018. At that time, the University indicated interest in such a model, but suggested that the parties should settle the contract before discussing an agreement to change the contribution model. AAUP-KSU was surprised by this position given that we were currently in contract negotiations and this was precisely the time to reach an agreement on a new model.

On September 24, 2018, AAUP-KSU called attention to the fact that the median salary had indeed jumped into tier seven. AAUP-KSU once again volunteered to enter into a MOU on October 23, 2018 to ensure that the University would not lose a large sum of money in employee contributions. At no point since has the University waivered from proposals reflecting the old twelve tiered model with the median in tier six or tier seven. AAUP-KSU believes that it would be in the best interest of both parties to adopt a contribution model in Schedule A with an odd number of tiers defined by a normal curve of salaries with the median salary in the middle.

For some time, AAUP-KSU has been greatly concerned that the language of Section 1.B.5 and retained in the University's proposal only specifies the percentage of the premium that would be paid by employees in the tier reflecting the median salary for KSU employees (historically tier 6; currently tier 7). For that reason, both the MOU of November 16, 2016 and the MOU of October 23, 2018 codified the specific percentage of the premium that would be paid by employees in each tier. The vast majority of the Faculty that we represent are in salary tiers higher than the University median. In 2018, only 7 Faculty members were in the University median tier. The administration's proposal also retains the current language in Section 1.B.6 that states that contributions rates for other tiers will be calculated "in the same manner as" the contribution rates in Schedule A. However, there is no specification of what counts as "the same manner." As a result, AAUP-KSU is concerned that, on the University's proposal, the contract would be largely silent on what percentage of the premium the majority of Faculty will pay. AAUP-KSU believes that it is important that the percentage of the premium to be paid by Faculty in all salary tiers is explicitly specified in Schedule A and fixed for the life of the Agreement.

Since the tenured and tenure-track unit of AAUP-KSU only represents tenured and tenure-track Faculty, we believe that it is right and appropriate that the contribution rates in our successor contract reflect the percentage of the premium that will be paid by all and only the Faculty we represent. Our proposal for schedule A has salary tiers reflecting the range of Faculty salaries. In 2018, the median salaried Faculty member paid 21.5% of the premium for the 90/70 plan, 19.5% for the 80/60 plan, and 17.5% for the HDHP. Our proposal preserves that contribution rate for the median salaried Faculty member and is designed to be otherwise revenue neutral for the University with respect to contributions from Faculty.

Maximum co-insurance for individual prescriptions and specific language governing prescription coverage (Section 1.D):

Summary:
The University has proposed a 33.3% increase in the maximum coinsurance for any single prescription (from $60 to $80). The University's proposal moves the language concerning the maximum coinsurance for prescriptions from Article XII, Section 1.D.2.b to Attachments A and B where it appears near the bottom in small print.

AAUP-KSU has proposed an inflationary increase of just over 4% (from $60 to $62.50) in the maximum coinsurance for individual prescriptions and proposes keeping this language in Article XII, Section 1.D.2.b. AAUP-KSU has also proposed removing the restriction on contraception coverage to only oral contraceptives.

Rationale for AAUP-KSU's position:
It is true that prescription premiums grew at a compound annual growth rate (CAGR) of 6.65% between 2012 and 2019 However, that growth rate has slowed to 5.97% between 2016 and 2019 and prescription premiums actually declined in 2019 relative to 2018 by 3%. AAUP-KSU has been offered no rationale for the over 33% increase in per-prescription coinsurance proposed by the University.

AAUP-KSU has an interest in keeping the language concerning the maximum coinsurance for individual prescriptions (currently in 1.D.2.b) in the text of Article XIII whether or not it is included in Attachments A and B. This is an economically significant aspect of our medical benefits and should be explicitly included in the main text of the *Collective Bargaining Agreement*.

Since it is in the interest of all parties to prevent unwanted pregnancies, AAUP-KSU believes that it is reasonable that non-oral contraceptives, including but not limited to IUDs, be covered.

Financial Health of Kent State University:

The University has justified its proposals for both Article XII (Salary) and Article XIII (Medical Benefits) by noting that the majority of the University's revenue is related to enrollment (tuition and fees and State appropriations) and that enrollment has dropped by roughly 2,500 students since AY 16/17 (FY 17). However, unlike several other Ohio public universities, both the State Financial Ratio Analysis for FY 2017[15] and Kent State University's audited Financial Statements for Fiscal Years 2016/2017[16] and Fiscal Years 2017/2018[17] evidence that the University is in strong financial shape. Additionally, the "Presidential Position Profile"[18] document released on January 24, 2019, explicitly acknowledges (p. 11) that Kent State University has a "Sound Financial Position" with a balanced operating budget of $645 million and an endowment of $138 million. It goes on to say that:

> "Through strong executive leadership, strategic investments in marketing and student recruitment, and the use of a decentralized budgeting methodology, university enrollments have set records while expenses have been controlled."

While it is true that enrollment has dropped from what were record heights,[19] both revenue and expenditures in the Educational & General (E&G) budget have remained relatively stable since FY 2016. A comparison of the restated E&G budgets for FY 2016 and FY 2018 reflect that revenue was down by just 0.08% in FY 2018 relative to FY 2016, while expenditures were up just 1.2% in FY 2018 relative to FY 2016. A comparison of the original E&G budget for FY 2016 and FY 2019 E&G budgets reflect that revenue is predicted to be down by only 0.74% in FY 2019 relative to FY 2016, while expenditures are also predicted to be down by 0.23% in FY 2019 relative to FY 2016. The restated budget for FY 2018 shows E&G revenues exceeding expenses by over $55 million. The original budget for FY 2019 projects E&G revenues to exceed expenses by over $58.5 million.[20] In her November 7, 2018 State of the University Address, President Warren noted that in AY 2017/18 the University launched a 10-year, $1 billion-plus facilities master plan for the Kent Campus and set a record of $44 million in fund raising.[21] Kent State recently created a new Cabinet-level Vice President as well as two new and highly paid Administrative Director positions overseeing Research and Strategic Initiatives and the Center for Brain Health. These are not the actions of a University that believes it is facing a budget crunch.

Meanwhile, there is no reason to believe that the drop in enrollment reflects a trend that will continue indefinitely. Fall 2018 (AY 18/19; FY 2019) witnessed a record in Freshman enrollment. The major

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[15] https://www.ohiohighered.org/sites/ohiohighered.org/files/uploads/financial/campus-accountability/FY2017_Excluding-Associated-Impacts-of-GASB68.pdf (This data is not yet available for FY 2018.)

[16] https://www.kent.edu/sites/default/files/file/70804%20Kent%20State%20University%20GPFS%200617%20Final.pdf

[17] https://www.kent.edu/sites/default/files/file/70804%20Kent%20State%20-%200618%20FS%20and%20SA%20-%20Final.pdf

[18] https://www.kent.edu/sites/default/files/file/18-SVP-00457-042%20presidential%20position%20profile%20D10.pdf

[19] Record enrollment on the Kent Campus was achieved in each of AY 12/13 (FY 2013), AY 13/14 (FY 2014), AY 14/15 (FY 2015), AY 15/16 (FY 2016) and AY 16/17 (FY 2017). Enrollment university-wide peaked in AY 12/13 (FY 2013).

[20] Roughly $10 million of this surplus is transferred into the Kent and Regional Campuses Auxiliaries budgets. The remainder is transferred out of the University's operating budget altogether.

[21] https://www.kent.edu/president/state-university-address-2018.

sources of enrollment decline were in overall Regional Campus enrollment, continuing student enrollment on the Kent Campus, and graduate student enrollment. Regional Campus enrollment has historically been counter-cyclical with the economy—declining in weak economies and increasing in strong economies. Continuing student enrollment on the Kent Campus has declined in large part due to records in the six-year, five-year, and four-year on-time graduation rates achieved in AY 17/18. (This is good news for the University rather than bad news.) In her November 7, 2018 State of the University Address, President Warren noted that Kent State University awarded 5,758 bachelor's degrees in the Spring of 2018—nearly double the number in the Spring of 2000, and up roughly 1,000 since the Spring of 2014. Since on-time graduation cannot exceed 100%, there is a built in cap in the enrollment decline that can result from this source. Graduate enrollment has declined largely due to a decrease in international graduate students (occurring at institutions nation-wide) given the national climate concerning immigration of all sorts. It seems unlikely that this decrease will continue to occur indefinitely.