

BOARD OF REGENTS, STATE OF IOWA

Iowa State University
Ames, Iowa

Human Resources Committee

Memorial Union
Sun Room

March 15, 2005 – 8:05 – 8:40 a.m.

Persons in attendance (not all-inclusive):

Committee members: Rose Vasquez, Chair; Amir Arbisser, Jenny Rokes, President Robert Downer, ex-officio

Call to Order, Introductory Comments

Regent Vasquez called the meeting to order at 8:05 a.m.

HR 1. Approval of Minutes (November 22, 2004; December 15, 2004)

MOTION	Regent Arbisser moved that the November 3, 2004 and December 15, 2005 minutes be approved. Regent Rokes seconded the motion.
	MOTION CARRIED UNANIMOUSLY

HR 2. Review of Committee Work Plan for Remainder of Year

Regent Vasquez discussed the Work Plan dated June 15-16, 2004 through June 13-14, 2005. The Work Plans identify what will be on future agenda items and identify work that needs to be done beforehand.

Executive Director Nichols said for new Board members, there is an issue regarding the one new item on the Work Plan for the Human Resources Committee for June, 2005, which is the beginning of a discussion about how the appeals process for administrative appeals that run to the Board should be handled in the future. There has been discussion about what the standards for evaluation for those cases (employment appeals, student group appeals) might be.

Regent Vasquez accepted the Work Plan by general consensus.

HR 3. Review of Draft Committee Work Plan for FY 2006

The date of the Work Plan runs from September 14-15, 2005, through September 27-28, 2006. In June, 2005, the Work Plan will be presented for approval. Until that time, there could modifications to the Plan.

HR 4. Career Status Furlough Option University of Iowa

Marcia Brunson, Policy and Operations Officer, presented for discussion an additional furlough option to be used at the University of Iowa, when departments are considering eliminating professional and scientific positions. She introduced Sue Buckley and Judie Hermsen from the University of Iowa Human Resources Office who would be available for questions.

Regent Arbisser asked if the proposed furlough option was the University’s option and not the staff. Ms. Buckley said if the Department feels it is advantageous from an operational perspective, the new option would be offered to the employee. If both mutually agree on the option, then it would take effect. Regent Arbisser asked what happened if the department head wanted that option, but the employee didn’t. Ms. Buckley said it would then revert to the current procedure. Ms. Buckley said the university wanted to present this as a benefit for both and frame it as a win-win situation. It was constructed so that both parties would be in agreement. Regent Arbisser asked why the tie-breaker would go to the employee, rather than the department. Ms. Buckley said they wanted something that both parties felt was a good thing.

Regent Vasquez commented the proposed option was a one-year pilot program. She asked at the end of the pilot program if there was information they would get that would help with decisions. Ms. Buckley said there would be data included with the report.

Ms. Buckley said the current option actually gives the employee a greater length of time to find employment within the university, using the priority rights. For some employees, that longer window is very important to their economic well-being and how they ultimately feel about the university and also how other employees will perceive how the University is handling the event. In some cases, employees might experience financial and emotional stress if the university imposed the second option on them.

Regent Gartner asked if everybody got a one-year notice. Ms. Buckley said depending on how many years they have been in “career status”, they would get six months, nine months or twelve months notice. As far as the number of individuals involved, she said that in calendar year 2004, there were actually 29 individuals who were furloughed and had career status. Five of those individuals had six months’ notice, twelve of those individuals had nine months’ notice, and twelve individuals had twelve months’ notice.

Regent Vasquez said it sounded like the university was not willing to put in a change to the policy at this stage. Ms. Buckley said they would like an opportunity to try the program in the way it was constructed, evaluate it and then bring the results back to the Board for further evaluation after a year.

MOTION	Regent Rokes moved that the Committee recommend to the full Board approving the Career Status Furlough Option for the University of Iowa. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY
---------------	---

HR 5. Closed Session on Collective Bargaining

Regent Vasquez said since the outcome has been received on the collective bargaining, it was not necessary to go to a closed session.

Tom Evans, Regents General Counsel, said negotiations had been successfully completed with the three unions that are part of the Regent enterprise, with results as follows:

- Negotiations with United Faculty at the University of Northern Iowa were successfully completed. The settlement was primarily in terms of wages. There was no change in any substantive matter in the collective bargaining agreement. The wage increase negotiated was as of July 1, 2005, 1.5% and January 1, 2006, 1%. In the second year of the agreement, it was 2% on July 1, 2006 and 1.5% on January 1, 2007. The settlement fell within the parameters the Board set in terms of the total cost of the settlement.
- At the University of Iowa, successful negotiations were completed with the Committee to Organize Graduate Students (COGS). That settlement resulted in a modest wage increase, or stipend, of 1.5% each year of the agreement. They also increased the tuition scholarship provided to graduate students in the first and second years of the agreement, so that by the end of the second year, the graduate students would have the equivalent tuition scholarship of approximately 50%.
- At the University of Iowa Hospitals and Clinics, a voluntary agreement was not reached with SEIU. The only impasse item was wages. An arbitration was held on February 28. Mr. Evans stated the arbitrator's ruling was received yesterday. In that decision, the arbitrator adopted the university or employers' wage proposal. In accordance with Iowa Code, Chapter 20, the arbitrator must accept either the employer's proposal or the union's proposal. The employer's wage offer was fundamentally a 4.5% increase each year of the contract for staff nurses and for other staff, 4.35%. The union had proposed a wage increase of 6.5 - 8% each year of the agreement, depending upon seniority or experience as a staff nurse or non-nurse staff. Mr. Evans said the critical difference between the parties' positions was the cost, which was approximately \$7.6 million for the two years of the agreement.

Mr. Evans said all three unions have ratified the collective bargaining agreements. The committee is asked to recommend to the Board of Regents ratification of those agreements.

Regent Newlin asked if there was any further action that SEIU could take in connection with the arbitrator's decision. Mr. Evans said they could appeal the arbitrator's decision under the rules of Chapter 20, if there was any sense that the arbitrator had any bias in favor of one party or the other or if there was not factual evidence to support the arbitrator's decision. He doubted that would happen. He further stated the tendency would be to accept the outcome as it relates to the arbitrator's decision.

Regent Bedell said that in reading the materials, how can salaries be increased in excess of 4%, when inflation is 2%, income to the universities is declining and tuitions are not increasing. He asked why everyone wasn't participating in the "tough times". Regent Vasquez asked whether there was any background from previous negotiations that could paint a picture regarding that issue.

Mr. Evans commented that in the health care arena, wages are very competitive. The university is faced with the need to have good qualified staff at the University Hospitals and Clinics. The marketplace for nurses is very competitive. The Sunday Register had advertisements across the country recruiting nurses from Iowa. One of the issues being discussed going into bargaining was retention of nurses and the vacancy rate.

Mr. Evans continued by saying the Hospitals and Clinics had been very successful in reducing the vacancy rate. In 2001, the vacancy rate had been at about 15%, which resulted in the use of agency nurses, which cost more than otherwise would be the case. The focus in terms of bargaining was looking at the concerns the nurses had and focusing on those at bargaining and also looking at the

marketplace in terms of what is happening in bargaining. Mr. Evans said they compared wages in terms of wages in the Iowa Hospital Association peer group. He said since the University Hospitals and Clinics is a unique facility, they also looked at the region to see what wage settlements were. Those settlements were in the range of 4%. He said it is a very competitive market. They are competing to keep graduating individuals in Iowa. They are also trying to make an impact in the marketplace, so they can continue to retain the quality staff they have, as well as make the wages attractive.

Mr. Evans said that at bargaining, the union thought wages in comparison with their peer groups were low. He said that it might be an issue they will be facing in the future. Mr. Evans felt that the package that was put together was within the scope of what they had told the Board they were attempting to do, but still maintain competitiveness in the marketplace.

Regent Vasquez recommended reading the decision for more details. She asked if there was anything the Committee should be aware of in going forward. Mr. Evans said he felt the arbitrator was concerned about the compression of wages at the top, versus the entry level. This was also a concern the union had, which is why they proposed an 8% wage increase for individuals with 20+ years of experience.

Executive Director Nichols said the environment for public sector bargaining in the state and the law, set a context of comparison with other public employees for the arbitrators, mediators or any kind of decision making. The comparable public employers the Board is aware of in the state, cities, and counties that had already settled during the time that Mr. Evans was working on the contracts, were above that stated economic rate. One of the challenges in public sector bargaining that Mr. Evans and his teams face in each of the contracts is the philosophy that Mr. Evans described accurately, from a management point of view, about matching revenues and expenditures for human resources. This is tempered by the fact that the law requires if there is an impasse on any of the contracts, that the real criteria for making a decision is comparable public employers, not necessarily the specific fiscal circumstances of an individual enterprise.

Executive Director Nichols summarized for the new members saying that in looking at the contracts, there was a very extensive session last fall, where they went through each of the contracts and the Board gave Mr. Evans and the bargaining teams very specific parameters for each of the contracts.

Executive Director Nichols reminded the Committee, as far as the AFSCME contract (which the state negotiates and the Board is a part of, although it is not the controlling agent of that contract) that the Committee ask Mr. Evans and the Board team to be more involved in that negotiation, to try to moderate the terms of the AFSCME contract financially and to try to avoid situations where language in the contract would adversely affect the Regents specifically. The state was willing to let the Regent team be a direct partner. Mr. Evans was second chair during the negotiations. The fiscal parameters of the AFSCME contract for this two-year period are lower than the one of two years ago.

He mentioned a specific provision that was troublesome to the Regent enterprise, that would have complicated the bond covenants that was provided to other state workers. The Regents were excluded from that provision, in part because they were a very active partner in the bargaining and were able to explain why that was critical.

Executive Director Nichols said relative to the graduate students at the University of Iowa, the Board gave some fiscal parameters and also described in order to attract and retain top quality graduate students, they wanted to get in the second year of the contract, to 50% tuition scholarship. Those goals were met in the negotiation.

For the United Faculty at the University of Northern Iowa, that contract came in within the fiscal parameters of instructions set by the Board, with no particular side issues that were troublesome. They came in the voluntary agreement.

He said for the hospital workers, the SEIU workers at the University of Iowa, there were several goals, such as retention of nurses. Also, the Board wanted to improve the relationships with that union, compared to what they had been in the past. From all accounts, including press accounts, even though the negotiations went to arbitration, they were smooth, most of the language issues were worked out and ultimately, the positioning that the management team took in bargaining, led to the arbitrator upholding the position of the employer.

He said the Board was more active in setting parameters last fall. The Board staff, particularly Mr. Evans and his team, were more active in the negotiations. Executive Director Nichols felt they have had reasonable success attaining the short term goals.

Regent Gartner asked for the cost of the three settlements to the system, in terms of dollars. Mr. Evans said the total cost including all fringe benefits of the SEIU contract was 5.83% or \$8,745,453. Regent Gartner asked if the salary costs at the Hospital would go up \$8 million and Mr. Evans said that was correct. Mr. Evans said the union had proposed a \$12.3 million salary and wage increase in the first year. The second year total cost is 5.3%, or \$8.4 million. By comparison, the union had proposed \$12.4 million in terms of actual new costs. Mr. Evans said he didn't have any figures for the other settlements with him but could get those figures.

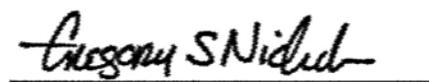
Regent Downer mentioned to the new members that during the time he had been on the Board, there has been what he regarded as a huge process improvement that has occurred. There essentially had not been any significant participation prior to that time in connection with AFSCME. Most of the bargaining on the other contracts was done by people outside the Board office. When Mr. Evans came to the Board office, a considerable amount of time was spent in evaluating how to go about this with respect to all the contracts. Regent Downer felt the process has gone more smoothly and much more cost effectively than it had previously.

Mr. Evans wanted to commend all the individuals that had been involved in the process and acknowledge their hard work.

MOTION	Regent Rokes moved to recommend to the full Board ratification of the three collective bargaining agreements. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY
---------------	---

Having no further business to come before the Committee, Regent Vasquez adjourned the meeting at 8:40 a.m.


Thomas A. Evans, Jr.
Regents General Counsel


Gregory S. Nichols
Executive Director

H:\MINUTES\Human Resources Committee\031505.doc