UNIVERSITY SENATE
Second Meeting, Monday, 18 October 2004, 2:30 p.m.
Room 302, Stewart Center

AGENDA

1. Call to order
   Professor William L. McBride

2. Approval of Minutes of 13 September 2004

3. Acceptance of Agenda

4. Remarks by the President
   President Martin C. Jischke

5. Report of the Chairperson
   Professor William L. McBride

6. Resume of Items Under Consideration
   by Various Standing Committees
   For Information
   Professor Herbert L. Weith

7. Question Time

8. University Senate Document 04-3
   Proposed change to the University Senate Bylaws
   For Action
   Professor William L. McBride

9. University Senate Document 04-4
   Proposal for Non-tenure Track Research Faculty
   within Purdue University
   For Discussion
   Professor William J. Zinsmeister

10. The Enterprise Resource Planning (ERP) System
    For Information
    Provost Sally Mason

11. Environment for the Purdue 2005 Health Plan
    For Information
    Brent Bowditch
    Assistant Director of Human Resources

12. New Business

13. Memorial Resolutions

14. Adjournment
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Guests: Dolgorsuren Baasandorj, Brent Bowditch, Becky Brown, Changrui Cheng, Craig Davison, Julie Huetteman, Wonil Hwang, Heidi Iglay, Hongmei Jiang, Subash Jonnalagadde, Kyunga Kim, Cyndi Lynch, Amy Raley, Long Wang, Òssama Younis

1. The meeting was called to order by the chairperson of the senate, Professor William McBride at 2:30 p.m.

2. The minutes of the meeting of 13 September 2004 were approved as distributed.

3. Professor McBride asked for a motion to amend the agenda so that Provost Mason could speak after President Jischke. The amendment would allow the President and the Provost to leave early to attend another scheduled event. The motion to amend the agenda was made, seconded, and passed on a voice vote without dissent. The agenda was accepted as amended.

4. President Martin C. Jischke presented remarks to the Senate (see Appendix A). There were no questions from the floor.

5. Provost Sally Frost Mason presented remarks to the Senate (see Appendix B). There were no questions from the floor.
6. Professor William McBride presented the report of the chairperson (see Appendix C).

7. Professor H. Lee Weith, the chair of the Steering Committee presented, for information, the Resume of Items Under Consideration by Various Standing Committees (see Appendix D).

8. At question time the secretary reported no questions had been submitted in writing and the chair invited questions from the floor. No questions were forthcoming.

9. Professor McBride presented, for action, University Senate Document 04-3, *Change to University Senate Bylaws*. Professor McBride called for a motion to approve the document. A motion to approve the document was made, seconded, and passed unanimously by voice vote. The change to the bylaws will now be implemented.

10. Professor Zinsmeister introduced, for discussion, Document 04-4, *Proposal for Non-tenure Track Research Faculty within Purdue University*. A discussion followed during which Professor Zinsmeister and Provost Mason answered several questions from the floor. Several concerns were voiced by faculty members. For example, why is there a limit of three years on the appointments? The Provost stated that this allows for regular review. One Senator was concerned that the title of “Research Professor” might be confusing because it has a different connotation at the international level and suggests an individual who would be considered for a distinguished professorship or its equivalent. Currently, there are no plans to modify the document to address this concern. Another item was the lack of a statement about moving from the non-tenure track position to a tenure-track position. These individuals will be allowed to compete for tenure-track positions, but there is no provision for automatic movement to the tenure track. Additionally, there is no provision for a limit on the number or percentage of these positions within the university. Finally, it was suggested that greater clarity is needed on the responsibilities and privileges afforded these individuals with respect to department and school committees and so on. The document proposes that these issues be dealt with at the department level.

11. The chair introduced Mr. Brent Bowditch, Assistant Director of Human Resources, who addressed the senate on *The Environment for the Purdue 2005 Health Plan* (See Appendix D). Following his presentation, Mr. Bowditch answered questions from the floor.

12. There was no new business.

13. There was one memorial resolution for Chancellor Emeritus Dale W. Alspaugh of Purdue University North Central. The Senators rose for a moment of silence to honor their departed colleague.

14. The meeting adjourned at 4:20 p.m.
REMARKS BY PRESIDENT MARTIN C. JISCHKE

It's good to be here, although Yale is an attractive place. Good afternoon to all of you. I will try to keep my remarks brief since Provost Mason is also making a report today to the Senate. As I hope you know, we are in the midst of a relatively exciting 10-day period here at Purdue. Surrounding our Homecoming activities last weekend and leading up to the President's Council Annual Weekend this coming Friday and Saturday, we have scheduled more than twenty different events. We are announcing more than $42 million in new gifts, dedicating four buildings and breaking ground on two more. That's not bad for 10 days' work!

Our $48 million Millennium Engineering Building has a new name and I personally believe it is quite appropriate. It is the Neil Armstrong Hall of Engineering. I think it is important that we have a building on this campus named for what is probably our most famous alumnus. He is admired throughout the world not only for his engineering and flight skills – having been the first person to walk on the moon – but also for his honesty and his integrity. He is really quite a wonderful human being. And as you might guess, Neil Armstrong is a great source of inspiration, particularly to our students, but I think to Boilermakers generally -- faculty, staff, alumni and others. Thanks to a very generous gift from Caterpillar, we have finished fundraising for the building and we are ready to begin construction. The state budget committee approved the project on Friday. This afternoon at 4 o'clock we will break ground on a new e-Enterprise Center in Discovery Park. There is a great deal taking place at Purdue. Among our events last Friday was the naming of the new Visual and Performing Arts Building for Y. K. Pao. This is the first building on our campus to be named for a foreign national and in particular for a native of China. I think it in a very real way it reflects the growing internationalization of Purdue.

I think a number of you know that I was asked to testify on October 6 before the United States Senate Foreign Relations Committee. I was joined by Adam Herbert, President of IU, and the President of the University of Maryland, Dan Mote. The topic was international enrollment and the student visa process. Today nearly 600,000 international students are attending universities here in the United States. Purdue enrolls nearly 5,000 of these students and they come to us from 130 nations in the world. We have the largest international student population of any public American University. We have a history of international enrollment that dates back nearly a hundred years. I believe international education holds enormous promise in fulfilling our greatest hopes for this new 21st Century. International exchange, educational exchange in particular, promotes understanding and friendship. When we provide an opportunity for the world's best and brightest to study in America, we give them the chance to learn about us -- our way of life and our values. Students from other parts of the world who come to our campuses are exposed to our nation, to our people, and to our students. They come to better understand our culture and our society. Our international students are generally quite exceptional academically. They grow to become leaders in their home country. I believe relations for our country, for the United States and around the world in the next fifty years are being nurtured at college campuses like Purdue all across our nation today. I would also tell you that I believe our own students benefit enormously from this contact with people from around the world. I believe it is the stuff of a really rich and first rate education.

Unfortunately since September 11th, 2001, the growth of international students coming to the United States has slowed considerably. We believe that this year, international enrollment at
United States universities will actually drop below the level of fall of 2003 a year ago. This will be the first decline in about 30 years. The number of international students enrolled here at Purdue this fall is 4,921. That is down from 5,094 last year. And this for us is the first drop in international enrollment we have seen in three decades. We believe there are several reasons for this decline. First, the entire student visa process is causing students to look elsewhere for international education. In some cases the problems are real, quite real. In some cases they are only perceived problems. But the impact can be seen on our campuses today. In a fall 2003 survey, institutions responding indicated a 49% increase in the number of visa delays for new and continuing international undergraduate students. These delays caused students to miss the start of classes and, in some cases, end up hopelessly behind. In other cases, they fall so far behind that they literally had to drop their courses. At Purdue, we have lost more than a hundred prospective students due to visa delays since 2002. When one of our continuing students returned home for a visit to China, it was more than five months before his application to return was approved. By the time he was actually able to get back to West Lafayette, his wife had already delivered their first child. These delays though are not the only reason for declining international enrollments in the United States. It is a combination of factors and visa delays perhaps deliver the final blow that can persuade students to study elsewhere. First, international enrollment in the United States is in decline today because there are more options available to these students at home. Many countries are building their higher education capacity and these students have alternatives that are increasingly attractive at home. Asian countries, for example, are investing more than ever before in a higher education. Second, United States universities are facing enormous competition for international students from institutions in Great Britain, Australia, New Zealand and Canada. The number of Chinese and Indian students going to universities in Australia last fall was up 25 percent. The number of students from India was up 31 percent. Great Britain saw a rise in Chinese and Indian students of 36 and 16 percent, respectively.

When I received this invitation to speak at the Foreign Relations Committee hearing, I decided to meet with a group of international student leaders from here on our Purdue campus to hear from them. This is what they told me:

- The new U.S. visa application process is long and complicated.
- It can cause delays and in some instances significant problems.

However, our students tell us the U.S. visa application process is not the only factor that is causing large numbers of students to reconsider study here in the United States. Most frequently mentioned was the slow growth in the U.S. economy. There is also concern in some parts of the world about the image of the United States and our foreign policy in particular. At Purdue we are responding to all of this in a number of ways. For example, we are working with prospective international students to encourage early application. For the long term, we are devising new recruitment strategies at both the undergraduate and graduate levels to attract international students to Purdue. My own view is that this decline in international enrollment will likely first be felt most severely at American universities that do not have the same name recognition and reputation abroad as institutions such as Purdue. But if the trend is not reversed, it will eventually grow to weaken all of our universities including Purdue. The loss of these outstanding international scholars not only will be a major economic blow to our country. The international students spend roughly $13 billion a year in the United States so it's a significant economic activity. I believe, much more importantly, it works against our long-term efforts to promote national security and to improve international relations, friendships and understanding. And it will result in a loss of academic quality — in part because these talented young people won't be here and in part because I believe our own American students will be
short changed in terms of the quality of their education. Universities and our government must cooperate to meet this challenge of maintaining strong international programs for a better tomorrow, but at the same time ensuring our national security. This is a challenging task, but it's not an impossible task and I believe it must be accomplished. At this point in time in our nation and world, we really need stronger international studies programs to help secure a better future. I was quite encouraged that four of the senators showed up at a time you would all recognize as politically rather active and not all of the senators are in Washington. Some of them are out campaigning for themselves or others, but Senator Lugar was there, Senator Sarbanes, Senator Coleman from Minnesota, and Senator Alexander from Tennessee. And I was quite pleased with what I saw as a rather receptive view that they had — an understanding view — and a willingness to try to work with us to make sure that this tradition of enrolling large numbers of talented international students continues in the United States, in our interest. They understood very well the impact that this has on our universities and our country, both in terms of international relations as well as economically and culturally. So I came away actually a bit encouraged from the occasion. Let me stop there as I know the Provost is next. Thank you very much.
REMARKS BY PROVOST SALLY MASON

Thanks Bill. I want to talk about three things, ERP being one of those and I will get to that very, very quickly. I suspect and trust that by now you have all seen the announcement that names Gary Newsom as our new Executive Director of the OnePurdue project. This is a four year initiative to modernize Purdue's dated administrative computing applications including those involving areas like student services, human resources, research administration, and finance; and we want to transform those into something that is easily accessible, integrated and Web-based. Gary previously held the position of Vice Chancellor of Administrative Services at Purdue Calumet. So he comes to us and to this project with lots of administrative experience and a healthy optimism and enthusiasm for helping all of us on all the Purdue campuses to get it right! We are very excited to have him in his new position. As the OnePurdue Executive Director, Gary will oversee Purdue's system-wide project. He has a deep knowledge of the Purdue system and our business processes, including what goes on on our regional campuses. Since we are all in this together, I think Gary is an absolutely excellent choice for this. Gary will report directly to Morgan Olsen, our new Executive Vice President and Treasurer, and I think Morgan this is your first Senate meeting. Is that correct? Do you want to wave so the rest of the gang can see you here? We are delighted to have Morgan on board and I hope you will get the chance to say hi and meet him if not today, soon. And Morgan and I will be co-chairing the Executive Committee for the OnePurdue project, so we are in essence the leaders; the head cheerleaders as it were, for this entire effort. And again, this is all of course, about the term that you are now familiar with – Enterprise Resource Planning or ERP. ERP for short. ERP not being among the most euphonious of acronyms, we have settled on calling this the OnePurdue project. And I think that exemplifies what we are working to accomplish at our University today. OnePurdue is a collection of software applications that use common databases to integrate an organization's business processes. Once it's fully implemented, it will affect everyone associated with the University and hopefully make Purdue's data management system more accurate, integrated across the system, convenient, and easier to access. ERP is actually the main component in a more comprehensive OnePurdue vision. Other parts will include constituent relationship management and business intelligence. Business intelligence is a broad term for software reporting tools that use the same databases to generate customized reports. So it will allow administrators, for example, and other decision makers at Purdue to view real-time and accurate data in a wide variety of areas across the entire University system.

As most of you know, OnePurdue will be the largest information technology and business redesign effort that we have ever undertaken here at Purdue. This project will bring a host of services and capabilities to the Purdue University community. We desperately need this. Our current system is old, outdated, and very, very difficult at this point to both maintain and to alter. It is extremely brittle. Part of my reason for raising this issue today is that we all need to begin to mentally prepare ourselves for the OnePurdue project. In the coming months, Morgan and I and others will be communicating to various groups like the Senate frequently about what's happening, when it's happening and why it's happening. Today is just the first step in that process. Once we select a vendor for the ERP software we will know more about the projected timeline and costs for the project; and a vendor won't be selected until Dr. Olsen has an opportunity to present our situation to the Board of Trustees in November. Done correctly, the OnePurdue project will provide us with dramatic improvements in many of our routine or what should be routine day-to-day practices. Everyone who teaches at Purdue, for example, will be able to access more information and complete a variety of tasks online with OnePurdue including things like – hold on to your hat:-
• Downloading class rosters
• Viewing teaching schedules and course details
• entering grades, and
• accessing appropriate student advising information.

If you have administrative duties, the system will know this and make special information and services available that are particular to your responsibilities and needs. We believe this project will enable Purdue finally to move forward with the plus-minus grading system, which has been supported by this Senate for almost a decade now and which we haven't been able to act on previously.

I think researchers will see many improvements from the OnePurdue effort and this will be in the form of providing services to help develop proposals and to help manage and develop budgets. Proposals will be electronically routed for necessary approval. So you won't have to run from office to office to get those. And when the awards are received, the budgets will be automatically converted into appropriate accounting structures. Project contracts and human resource data will also be fully integrated with the financial data. In addition, researchers should be able to examine and monitor budgeted versus actual expenditures and submit regulatory compliance data for reporting. Students will also benefit. They will be able to register for classes online. OnePurdue students will be able to research available financial aid and qualifications, apply for aid, check the status of their applications, accept or reject aid offers, and routinely monitor their qualifications and status. Students will also be able to view their transcripts online and to even order official copies of transcripts. So from these few examples, I think you can see that the benefits of this are potentially tremendous and very, very exciting.

We are determined to do this right and to learn from the challenges and the successes of those who have done this before. It's actually quite easy to determine where the challenges are. They are typically published in most of the higher education journals fairly frequently. What has been interesting is that there have been a number of successes out there, and they are far less publicized than those who have experienced challenges. In many ways, it's very, very good not to be among the first to do this, because we have the opportunity to use the experiences of others, both positive and not so positive, to guide us. Everyone at Purdue will use the same ERP, and by that I mean virtually all of the departments on the West Lafayette campus and all the departments on all the regional campuses as well. We are adapting this in what is known as the "plain vanilla mode." What this means, is that we won't be making a lot of changes to the off-the-shelf software applications unless those changes are deemed absolutely essential to our operation. This doesn't mean that we aren't committed to having a great system, to the contrary. Actually, what was "plain vanilla" ten years ago when others were beginning to embark upon this is much more like rich chocolate or fudge brownie today.

So the two most positive and influential examples that we have learned from so far are Florida State University and the University of Florida. They are providing us with a lot of day-to-day information on their experiences in this process and in particular the FSU experience has provided the benchmark implementation model that we plan to replicate. Their process has gone very, very smoothly, on time, on budget, and with, in fact, the opportunity to shed themselves of the consultants that are usually part of this sooner than they had anticipated. They configured their ERP three separate times. Each time from a blank sheet of paper and each time their staff became more self sufficient and more comfortable with the vanilla capabilities of their ERP. And what this did was it allowed them to avoid the costly customization that has plagued a lot of the early adopters. They were also able to terminate
most of their consultants, as I mentioned, within the project's first six months, because the staff had become so self-sufficient along the way. When you can shed yourself of the consultants, you can reduce the cost of implementing an ERP rather significantly. We have also learned much from some of the more painful experiences in the Big Ten. We learned that customizing the software should be avoided at all costs. We also learned that "change management" may be the most important aspect of any ERP project. Change management includes how we communicate with the University community and how we approach training the community. So these are things that we are focusing a lot of attention on. This is not strictly a technology exercise. This goes well beyond that. Communication and training will be key words throughout this process. Finally, we have learned that we must test, test, and test and, when we think we have tested enough, test one more time. So we won't be going live with any piece of this project until we are dead certain it will function. Having been through the early stages of this at another University and watching how we're preparing for this gives me a lot of reason for optimism. I am certain that for Purdue this is going to be a great experience and one that is completely successful. We are going to move forward with this with everyone working together. And I hope that as the months go on, I will be able to come back to the Senate and report to you periodically on how it is progressing.

Now, if you would, I would like to spend just a couple of minutes talking about two other items fairly briefly. I want to turn to an item that I know is going to come before the Senate today and I would like to comment on this item and add my endorsement of the proposal that's before you for non-tenure track research faculty lines. The research enterprise at Purdue is facing significant challenges that arise from changes in its environment including things like:

- increased competitiveness for external research funding,
- the need for strategic partnering with industry, and
- a greater focus and reliance on interdisciplinary efforts and multi-disciplinary proposals.

Large, multi-investigator research projects in particular often require full-time, senior-level personnel. Many of our successful peer institutions have met these and other needs through the use of Research Professors. The proposal coming before the Senate basically creates opportunities for research faculty to hold titles at Purdue such as assistant, associate and full research professor. Once again, these are non-tenure track positions for individuals who are largely engaged in research. They will be paid by research grants or contracts. They would be expected to find the money for their appointments. In return they would be given title and space considerations. When the Washington Advisory Group came to campus, now almost two years ago, they strongly supported this concept and actually were surprised that Purdue didn't already have something like it in place. In the wake of that, many members of our faculty have colleagues who would love to be at Purdue. In fact this idea percolated up from the faculty – what they want or what the individuals who would pursue this line of activity want. It's a reasonable title in a career track. We would manage this much like we do with clinical track professors. I would re-emphasize that this is an idea that came from the faculty in our schools who asked that we start a program such as this to help attract and keep top researchers many of whom would be collaborators with the faculty on the tenure track. It's my hope that you will give this proposal very positive consideration.

And then for my final topic this afternoon, I want to go back in time just a bit. About four years ago this group undertook an outstanding faculty survey. The Senate launched this effort when Bill Harper was chairman of the Faculty Affairs Committee. This work-life climate survey had better than a 50 percent response rate which is outstanding if you know anything at all about
surveys. Clearly, the faculty at that point had something to say. I think it behooves us, obviously, to listen. The information that was gathered was extremely useful to me and I shared it with the deans. Many of them were brand new coming into their positions here at Purdue University. The results of the survey suggested a number of things, but suggested that faculty had an interest in post-tenure review. I think that was one of the surprising things that came from the survey. So last year the Senate engaged in dialog about post-tenure review and faculty development, and I commend them on this effort. A wonderful report was prepared, the title of which was "Building a Foundation for Career-Long Faculty Growth at Purdue University." It included five recommended goals and I would venture to guess that not too many of you remember what those recommended goals are. I think Bill might remember what they are, but I want to remind you of what they are. The goals are:

- First, to standardize procedures for our annual performance reviews across all academic units and fold longer-term faculty development goals into a deliberate expansion of the existing review process.
- Second, that as a condition for the appointment to the position of Department Head, the candidates successfully complete a defined training experience in leadership and personnel management skills.
- Third, that Purdue and its faculty aggressively improve the quality and range of what until now has been called a laissez-faire mentoring system.
- Fourth, that the entire concept of the sabbatical leave be re-considered and reconfigured in order to recreate what sabbaticals were originally intended to make possible – a disengagement from one’s day-to-day responsibilities in order to experience unfettered time to think, to create, to explore, to discover, to study, to learn and to renew.
- And fifth, expanding our concept of the typical academic career from the traditional, linear transition through the ranks based on a personal identity established at the earliest career point – to a concept of a career that also can evolve in often unanticipated but significant and important ways, where one's contribution to the whole is still recognized, valued and rewarded.

When this report came out, I promised that my office would follow through and consider these recommendations. So let me tell you just a little bit about what we have learned and where we are heading. I'll use a few examples to illustrate. The deans have each been asked to consider these recommended goals and comment. From their comments I have learned a couple of interesting things. I learned, for example, that several of our schools have already put in place standardized annual performance reviews for the schools. A number of other schools are actively discussing the issue. While I'm not sure that we could develop a one-size fits-all model for this across the entire University, I believe that we will have made great progress if we can demonstrate that all faculty are subjected to fair and rigorous annual reviews that result in constructive and useful feedback. As an aside, and relevant to recommended goal #2, I can tell you that the practice of providing very formal training opportunities for deans and department heads started when I arrived at Purdue. The dean and department head seminars, which this year have become the Academic Leadership Forums, are designed to provide both information and interactions that are useful to mid-and upper-level administrators. This summer we went out and asked a number of the department heads what topics they felt would be most useful to them professionally. And this year's sessions have been planned based on their suggestions. In the past, we've done sessions on advancement, how to plan and raise funds for new facilities, on indirect costs, on working with the media, and on NRC rankings just to name a few examples. I also pay to send new department heads to leadership workshops that are held
nationally for brand new, entry-level administrators. These are usually 2-3 day events akin to boot camp for new people. The new department heads would learn about the nuts and bolts of managing people, budgets and academic programs. And then finally with regard to mentoring, there is a very formal mentoring program that my office sponsors though the Teaching Academy that is especially designed to assist faculty with their teaching responsibilities. It’s a small program right now and it involves about 60 faculty, but it's growing and certainly very, very viable. In the schools there are now several examples where departments have been asked or actively encouraged to develop mentoring programs for their more junior faculty. There are now some very good examples where this is indeed happening. I could go on, but I won't at the risk of occupying the entire rest of the afternoon, so I am going to stop here with the examples. My point was to illustrate that we are and will be working on all of these recommendations. They will not be placed on a shelf to gather dust.

I want to congratulate the University Senate Faculty Affairs Ad Hoc Committee that worked so hard on this and did such an outstanding job. Just to remind you, the committee members were:

- Janet Ayres,
- Paul Brown,
- Otto Doering,
- Bill Harper,
- John Larson,
- Shirley Rose, and Cynthia Stauffacher.

I want to thank you all and thanks for letting me offer these comments today. I would be happy to answer any questions.
First of all, let me welcome members of the course, GRAD 590B, “Preparing Future Faculty,” which is coordinated by Professor Cynthia Lynch. They are exploring issues of faculty governance, and here at Purdue that means, above all, the Senate. I hope they will find some matters of interest to them this afternoon.

Second, there are a couple of bookkeeping matters, so to speak. The chair of one of our Senate committees has asked me to remind Senators that there is really an obligation for them to attend the meetings of committees of which they are members whenever it is feasible – that is, unless there is an unavoidable time conflict with something else that they cannot afford to miss. This individual has said that the problem in his committee – and these things undoubtedly vary from year to year and from committee to committee, with committees differing in composition from year to year as much as classes often do – seems to have to do mainly with new committee members. Meanwhile, I understand that there are some twenty members of the Senate who are currently not on any major committee and who have expressed an interest in being appointed to one. So there is a paradox here. These twenty, by the way, will all be candidates for committee memberships when those memberships are reconsidered for the 2005-06 academic year. And if a current member of one of the committees feels totally incapable of attending its sessions, he or she should probably consider resigning and allowing his or her place to be filled by a special election.

Next, thanks first of all to those who have made use of our faculty website. So far, however, there has been little use made of the opportunity to submit questions. This feature is probably of greater importance to faculty members who are not members of the Senate than to those who are.

Meanwhile, in keeping with our promise to post a different question each month, we are now, for October, soliciting responses to the question whether smoking should be banned within a 50-foot area of all campus buildings. This is a proposal that may soon come to us from our University Resources Policy Committee, chaired by Professor Rousselle, which has been discussing it. It is also being discussed by the office of John Beelke in Frehafer Hall, and a meeting will be held to talk about it early next month. You can vote your views on the website and keep track of how the voting is going. It is probably not quite at the same level of interest for most of you as are the U.S. Presidential elections, but we do our little bit. And for some people, of course, this is an issue of vital interest, to which I believe there are truly two sides. In other words, I do not consider it to be a “done deal” yet. Moreover, as both a lifelong non-smoker and also someone who has no chronic respiratory ailments of which I am aware, I am not a passionate partisan in this matter, although I consider it always to be a serious matter when some seek to control the preferred behaviors of others. The reasons for doing so, I believe, must be quite compelling. And perhaps in this case it will be decided that they are.

The weekend just prior to our next Senate meeting, in November, there will be a meeting of some of the officers of university and faculty senates of the CIC in Champaign. I plan to go there, along with Tim Skvarenina, and will be able to give you a report of it; it could be interesting.
For the next Senate meeting in November I have, with the agreement of the Steering Committee, invited our new Director of Libraries, James Mullins, to give us a report, and he has kindly accepted. I am very much looking forward to that.

Meanwhile, as I did last time, I will give you a brief summary of the main events of the last Board of Trustees meeting, which took place on September 24. Since the Board’s next two meetings, November 19 and December 18, will occur after our November Senate meeting, the next such report will be given in January.

First of all, a new Vice Chairperson of the Trustees needed to be elected to replace Wayne Townsend. The choice fell on Trustee John Hardin. Trustee Timothy McGinley of course continues as Chair. Second, the Trustees ratified the appointment of Morgan Olsen as the new Executive Vice President and University Treasurer, as well as Treasurer of the Trustees. He officially began his work here a week ago, and I am delighted to welcome him to the University Senate here today, as Provost Mason has already done, for his first appearance as one of the three voting Senators from the Administration – the others of course being President Jischke and Provost Mason.

After President Jischke’s remarks to the Trustees, it was time to ratify one new administrative appointment, that of Victor Lechtenberg, whom many of you know, the former Dean of the School of Agriculture, as Vice-Provost for Engagement. This was followed by four distinguished and named professor ratifications: of Rakesh Agrawal, who is new to campus, as Winthrop E. Stone Distinguished Professor of Chemical Engineering; of Nicholas Giordano, who is not new to campus, as Physics Distinguished Professor; of Robert Byron Pipes, also new to campus and the former President of Rensselaer Polytechnic Institute, as John L. Bray Distinguished Professor of Engineering; and of Jay Ackridge as the first James and Lois Ackerman Professor of Agricultural Economics. The donors of this last-mentioned chair, the Ackermans, were both present, and this gave an especially positive touch to the proceedings. Finally, the new Dean of IUPUI's School of Science, Carl Cowen, who had served as Head of the West Lafayette Mathematics Department from 1997 to 2002 and is currently President-elect of the Mathematical Association of America, was introduced and said a few words.

There were two governance reports, that of President Jischke on the final operating budget for 2004-05, and that of Douglas Christiansen of the Admissions Office on enrollment and student graduation and retention rates. I assume that everyone has by now heard the facts about this fall’s enrollment, which met the set targets with great precision except in one area, namely, a slight but significant falling short from the projected numbers of graduate students, caused primarily by the drop-off in numbers of new international students at this level, an issue upon which President Jischke again touched a few minutes ago. A couple of other cautionary notes were sounded in Douglas Christiansen’s presentation: first, Purdue is still not quite at the level of most of the other institutions that have been selected as its “peers” in terms of percentages of graduations after 6 years; and second, although a large new scholarship program was introduced for undergraduates this year in addition to those already existing, there was a notable decline in the number of National Merit Scholars admitted as freshmen this year by comparison with last year; this caused concern among some of the Trustees.

I then spoke as Faculty Representative, and my report of renewed interest in creating a faculty club on campus evoked the reciprocal interest of several of the Trustees, who seemed very favorable to the idea. They asked me questions at the time, and several spoke to me afterwards about it, even offering some specific suggestions. Other reports were given by Student Representative Aaron Schnur, North Central campus Chancellor James Dworkin, Calumet Faculty Senate President Judith Hack, and Fort Wayne Student Government President Chris
Yahne. A Bachelor of Science degree in Nursing for the North Central campus was approved, as were the changes of name of the West Lafayette Department of Audiology and Speech Sciences to the Department of Speech, Language, and Hearing Sciences, and of two Fort Wayne departments: Manufacturing Technology to Mechanical and Industrial Engineering Technology, and Modern Foreign Languages to International Language and Culture Studies.

The meeting concluded with the approval of the budget, several contracts, and the calendar year 2005 medical benefits package about which you will be hearing anon; with the elections and/or re-elections of members of the Board of Trustees to positions on the Indiana-Purdue Foundation at Fort Wayne, the Purdue Research Foundation, and the Ross-Ade Foundation; and finally with resolutions of appreciation to numerous friends and donors and to Wayne Townsend for his services over the years.

That concludes my report.
TO: University Senate
FROM: Herbert L. Weith, Chairperson, Steering Committee
SUBJECT: Resume of Items Under Consideration by the Various Standing Committees

STEERING COMMITTEE
Herbert L. Weith, Chairperson
weith@purdue.edu

The primary responsibility of the Steering Committee is the organization and distribution of the agenda for each meeting of the University Senate. This committee also receives communications from any faculty member or group of members and directs such communications to appropriate committees or officers for attention.

ADVISORY COMMITTEE
William L. McBride, Chairperson of the Senate
wmcbride@purdue.edu

The responsibility of the University Senate Advisory Committee is to advise the President and/or Board of Trustees on any matter of concern to the faculty.

NOMINATING COMMITTEE
Charles E. Kline, Chairperson
chuck@purdue.edu

The major task of the Nominating Committee comes in the spring in making nominations for senate and University committees. Nominations are made at other times to fill vacancies as they occur.

EDUCATIONAL POLICY COMMITTEE
George M. Bodner, Chairperson
gmbodner@purdue.edu

1. Final exam scheduling
2. Transfer credit
3. Distance learning courses

FACULTY AFFAIRS COMMITTEE
William J. Zinsmeister, Chairperson
wjzins@purdue.edu

1. Grade Appeals Process
2. Committee on Informetrics
3. Follow-up on faculty development review
4. Tenure Promotion Process

STUDENT AFFAIRS COMMITTEE
Terry L. Davidson, Chairperson
davidson@psych.purdue.edu

1. Review of the Student Bill of Rights
2. Follow-up concerning the Student Conduct Code
3. Follow-up concerning the OnePurdue system
4. Follow-up with Student Services Office concerning the proposed Disciplinary Process
5. Currently examining the proposed Exam Proctoring system

UNIVERSITY RESOURCES POLICY COMMITTEE
John R. Rousselle, Chairperson
rousselj@purdue.edu

1. Faculty input into the budget process
2. Review of Faculty Committees

Vice Chair of the Senate, Timothy L. Skvarenina, tskvaren@purdue.edu
Secretary of the Senate, Joseph W. Camp, Jr.
University Senate Minutes; http://www.purdue.edu/usenate
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*Approved
To: The University Senate  
From: Professors William L. McBride and Tim Skvarenina  
Subject: Change to University Senate Bylaws  
References: University Senate Bylaws; University Senate Documents 76-2, 89-16, 90-9, 90-15  
Disposition: University Senate for Action

**Proposed**  
2.00 Composition  

a) The senate shall be composed of one hundred and two (102) members. 
b) The representation of the Senate shall be apportioned as follows:  
   1) The president of the University. 
   2) The chief academic officer and the chief fiscal officer of the University. 
   3) The Chairperson and Vice-Chairperson 
   4) Three members elected by and representing the faculties of the regional campuses, one each from Calumet, Fort Wayne and Indianapolis. 
   5) One undergraduate student member to be selected annually by the Student Senate and one graduate student member to be selected annually by that graduate student organization approved by the Graduate Council, with terms of office to begin on June 1. 
   6) The remaining ninety-two members shall be apportioned among the faculty units according to the number of faculty members attached to the respective faculty unit including those assigned by the president for the purpose of participating in faculty government procedures, with the provision that no faculty unit shall have fewer than two members. In instances where a dean is administratively responsible for more than one school, the faculties of these schools shall be considered as a single faculty unit. For the purpose of participating in faculty government procedures the faculty of the Libraries and the faculty of the North Central campus shall each separately be considered a faculty unit.

**Present**  
2.00 Composition  

a) The senate shall be composed of one hundred members. 
b) The representation of the Senate shall be apportioned as follows: 
   1) The president of the University.  
   2) The chief academic officer and the chief fiscal officer of the University.  
   3) Three members elected by and representing the faculties of the regional campuses, one each from Calumet, Fort Wayne and Indianapolis.  
   4) One undergraduate student member to be selected annually by the Student Senate and one graduate student member to be selected annually by that graduate student organization approved by the Graduate Council, with terms of office to begin on June 1.  
   5) The remaining ninety-two members shall be apportioned among the faculty units according to the number of faculty members attached to the respective faculty unit including those assigned by the president for the purpose of participating in faculty government procedures, with the provision that no faculty unit shall have fewer than two members. In instances where a dean is administratively responsible for more than one school, the faculties of these schools shall be considered as a single faculty unit. For the purpose of participating in faculty government procedures the faculty of the Libraries and the faculty of the North Central campus shall each separately be considered a faculty unit.
2.03 Election of Senators
The normal term of an elected senator shall be three years, beginning on the June 1 following his/her election. In the event a Senator does not complete his or her term, a replacement Senator shall be elected for the remainder of the original term. After reapportionment of the senate in December, the individual faculties (see Section 2.00 b 5) will complete the election of senators who are to assume office on the coming June 1, and report the results to the secretary of the senate by February 1. The individual faculties will set up their own methods for nomination and election of senators. They may provide alternates to serve, if an elected senator is unable to serve temporarily, or to replace a senator recalled on request of the senate.

3.20 Chairperson and Vice Chairperson of the University Senate
(a) The chairperson and the vice chairperson shall each serve for a term of one year beginning June 1. Beginning with the academic year 2005-06, the vice chairperson shall succeed the chairperson. Election of both the chairperson and vice chairperson during the academic year 2004-05, and of the vice chairperson in subsequent years, shall be by secret ballot at the regular March meeting of the University Senate.
(b) At the regular February meeting of the University Senate the Nominating Committee shall nominate at least two members of the University Senate for the offices of chairperson and vice chairperson. In subsequent years, the Nominating Committee shall nominate at least two members of the senate for the office of vice chairperson. Additional nominations shall be accepted from the floor at any time before the election. Nominees must be elected, senators. Once elected, the chairperson and vice chairperson shall serve as Senators-at-large and shall relinquish their positions as representatives of an academic unit. The remainder of their terms, if any, shall be filled by a special election in their academic units. Brief resumes of the academic, administrative, and senate service of each nominee shall be distributed at the time of nomination.
(c) To be elected chairperson *during the academic year 2004-05, and to be elected vice chairperson in subsequent years*, a candidate must receive a majority of the votes cast. If no candidate receives a majority on the first ballot, a second vote shall be taken to choose between the two candidates receiving the largest number of votes on the first ballot. *During the first year of implementation of this bylaw*, the vice chairperson shall be chosen from the remaining candidates (and any nominated specifically by the Nominating Committee or from the floor) by the same electoral process.

(c) To be elected chairperson a candidate must receive a majority of the votes cast. If no candidate receives a majority on the first ballot, a second vote shall be taken to choose between the two candidates receiving the largest number of votes on the first ballot. The vice chairperson shall be chosen from the remaining candidates (and any nominated specifically by the Nominating Committee or from the floor) by the same electoral process.
(d) In the event that the chairperson is absent from campus or otherwise unable to perform the duties of the office, the vice chairperson shall serve in his/her stead. In the event that the chairperson is unable to complete the term of office the vice chairperson shall immediately succeed to the position of chairperson. When such a vacancy in the office of vice chairperson occurs, the Nominating Committee shall nominate two members of the University Senate for the office of vice chairperson. Additional nominations shall be accepted from the floor. A new vice chairperson shall then be elected by the procedure described in section 3.20c at the next regular meeting of the University Senate or at a special meeting called for that purpose. 

*Beginning with the 2005-06 academic year, if the vice chairperson is required to succeed to the position of chair, then he or she shall complete the predecessor's term as chairperson and the following term to which he or she would have normally succeeded.*
3.22 Duties of the Vice Chairperson of the University Senate (a) The vice chairperson will attend meetings of the Board of Trustees. (b) The vice chairperson will serve as a member of the Advisory Committee and the Steering Committee. If at the time of being elected to the office of vice chairperson, the person elected is a member of a senate standing committee and desires to continue to serve on that committee, he/she may do so but will then serve on the Steering Committee in a non-voting, ex-officio capacity. The secretary of the senate shall be informed of the vice chairperson's decision within 30 days following his/her election. (c) The vice chairperson will aid the chairperson in carrying out his/her duties. (d) Beginning in academic year 2005-06, the vice chairperson shall serve as chairperson-elect.
To: The University Senate  
From: Faculty Affairs Committee  
Subject: Proposal for Non-Tenure Track Research Faculty within Purdue University  
Disposition: University Senate for Discussion

INTRODUCTION

The research enterprise at Purdue University is facing significant challenges arising from changes in its environment, including increased competitiveness for external research funding, the need for strategic partnering with industry, and a greater focus and reliance on interdisciplinary efforts and multi-disciplinary proposals. Large multi-year multi-investigator research programs in particular require full-time senior-level personnel to provide continuity and a high level of uninterrupted research time. The same need for full-time attention also frequently occurs during preparation of proposals for large projects. Additionally, units which have major research projects requiring highly qualified full-time research specialists find it increasingly difficult to recruit and retain personnel in these positions due to the lack of a well-defined career ladder and corresponding reward system.

Many of our successful peer institutions have met these needs through the use of Research Professors. In most cases, these are senior researchers with outstanding research credentials who are not tenured or tenure track, are paid on soft (non-general) funds, and carry no teaching duties other than the supervision of graduate students. They are expected to be productive, independent investigators and are evaluated primarily on the basis of their scholarly achievements.

This document proposes the creation of a non-tenure track faculty appointment designated as “research professor”. This track will enable the university to recruit and retain top research scholars whose primary responsibilities will be to support and enhance the discovery mission of the university. These positions would (1) not be eligible for tenure, (2) be employed entirely on non-general (soft) funds, and (3) be continued depending upon the availability of soft funding and on performance.

PRINCIPLES

Non-tenured research faculty shall:

1. engage in activities which support the academic and scholarly life of the university, and particularly those which enhance the discovery mission of the university

2. possess the appropriate educational background and professional expertise to engage in research and research-related activities

3. participate in activities which enhance professional growth
4. have an opportunity to be considered for promotion in rank from assistant to associate to (full) research professor

5. possess scholarly research credentials comparable to those of tenured and tenure-track faculty at the same academic rank

6. be considered members of the university faculty

7. be compensated at salary levels roughly equivalent to those for tenure-track faculty at the same rank and in the same professional area.

RESEARCH FACULTY APPOINTMENTS

A. Research faculty will be supported only from extramural or non-general funds. Fringe benefits are charged to the sponsored account.

B. Appointments may be calendar year, academic year, or part-time. Part-time appointments in general should have at least a 0.5 FTE minimum. Appointments less than 0.5 FTE and short-term appointments will not be eligible for benefits.

Research faculty are appointed by a department or research unit for renewable terms not to exceed three years each, and continued appointments are contingent upon availability of funds and satisfactory performance evaluations. The appointment cannot extend beyond the period of availability of supporting funds. If the position cannot be supported at the approved level because of insufficient funds, the appointment will be terminated when funds are exhausted or the effort will be reduced to a level consistent with the salary that can be paid. Any commitment of salary support in the case of unanticipated loss of project funds will be the responsibility of the hiring unit. Bridge funding from general funds may be used for a period up to six months.

C. Research faculty are hired at a rank commensurate with their professional experience and qualifications. These qualifications should be comparable to the research credentials of tenure/tenure track faculty at the same rank.

D. The hiring unit will conduct an annual merit review of research faculty. The timing of this review will coincide with the regular annual review of tenure track faculty and other university employees. Research faculty will be subject to annual merit increases in accordance with the university’s annual salary policy. The hiring unit must establish guidelines for annual review, reappointment, and promotion prior to hiring research faculty.

E. Research faculty may be considered for promotion in rank. Criteria for promotion shall be similar to that for tenure-track faculty, but with much greater or singular focus on research accomplishment. Salary supplements for promotion should be consistent with those associated with promotion for tenure-track faculty. The promotion increment must be funded from the same funding source as the base salary. Appointments less than 0.5 FTE and short-term appointments will not be eligible for promotion in rank.

F. The primary responsibilities of research faculty would be research and research-related activities such as proposal writing, project management, and service
specifically linked to their research programs (e.g. supervision of graduate students and service to professional organizations). Research faculty may serve as principal investigators on research proposals.

G. Research faculty may be members of the graduate faculty, subject to the policies and procedures of the Graduate School.

H. Research faculty are not eligible for sabbatical leave.

I. An individual holding a faculty or staff appointment at the university may apply for a research faculty position and will be subject to university search and screen policies in effect at the time of application. The same policies apply to research faculty seeking tenure-track positions. Time in non-tenured rank will not count toward sabbatical or the probationary tenure period if subsequently hired into a tenure-track position. Individuals may not hold tenure-track and research faculty positions simultaneously.

J. Research faculty may not be elected to the University Senate and are not eligible to serve on promotion and tenure committees. Other voting privileges of research faculty will be decided by the unit in which they have their primary appointment.

K. Research faculty may not have regular teaching duties except on an ad-hoc basis. In rare cases where a research faculty member is considered for a teaching assignment, a separate part-time teaching appointment is required.

L. Research faculty are eligible for emeritus status, subject to the same eligibility criteria as outlined for tenure-track faculty.

M. Except as noted previously, research faculty are subject to the policies, procedures, guidelines and regulations governing tenure track faculty.

N. Research faculty will be eligible for all leaves of absence provided to faculty by university policy, with the exception of sabbatical leave and paid leave for outside activities.

O. Exceptions to this policy must be approved by the Office of the Provost.

AUTHORIZATION TO ESTABLISH RESEARCH FACULTY POSITIONS

Requests for the establishment of research faculty positions must originate within an academic unit or center. Requests from a department must have approval by the Department Head, School Dean and Vice Provost for Research. Requests from School-based centers must have approval by the center director, Dean, and Vice Provost for Research. Requests originating from a multidisciplinary center must have center director and Vice-Provost for Research approval. The request must be consistent with the guidelines established for research faculty, define the position responsibilities, and describe the source(s) of funding used to support the position. The request shall also include guidelines for performance evaluation and promotion. All approvals must be obtained before an offer is made.
GUIDELINES FOR APPOINTMENT AND PROMOTION

Review of candidates for hiring and promoting research faculty shall be conducted with the same rigor accorded hiring and promoting within the tenure track ranks. Qualifications for the three research faculty ranks are roughly equivalent to those of tenure track ranks, with primary or singular focus on research credentials. The ability to secure external funding does not automatically qualify individuals for research faculty appointments.

**Assistant Research Professor**
Candidates for appointment to the rank of assistant research professor must exhibit significant promise for the establishment of an independent research program and related scholarly endeavors which contribute to the discovery mission of the university.

**Associate Research Professor**
Candidates for appointment to the rank of associate research professor must have a significant and sustained record of scholarly accomplishment and externally funded research. The candidate must show promise of continued professional growth, recognition, and contribution to the discovery mission of the university.

**Research Professor**
Candidates for appointment to the rank of research professor should be recognized nationally or internationally as authorities in their fields of specialization, have established significant and sustained extramural research funding, and have significantly contributed to the discovery mission of the university.

PROMOTION PROCESS

Research faculty are eligible for promotion in rank from assistant research professor to associate research professor to research professor. Recommendations for changes in rank will be considered during the normal fall and spring semester faculty promotion cycle in accordance with guidelines issued annually by the Provost.

Research professors hired by departments will be reviewed for promotion by the departmental primary committee and the school area committee, with the addition of one or more research faculty, as appropriate. Professors hired by a unit other than a department will be assigned to a departmental primary committee for review or to an ad hoc committee appointed by the Vice Provost for Research. The area committee will consist of five members appointed by the Vice Provost for Research.

At the university level, Panel C will review all research faculty promotion candidates. Panel C shall consist of the Provost as chair, the Vice Provost for Research, two academic school deans or associate deans for research from schools employing research faculty, and six faculty members. The Provost shall nominate three of these faculty from Panel A of the University Promotions Committee; the remaining three faculty shall be research professors appointed by the Provost.

Assistant research professor appointments are not subject to the seven-year probationary period applicable to tenure track faculty. Assistant and associate research professors must be reviewed at least every five years for retention in rank or for promotion. During the fifth year, the research
faculty member must be informed by the unit administrator that he/she has the right to be reviewed for promotion; it will then be up to the faculty member to request a review.

Approving:  
A.M. Beck  
E. Blackwood  
S. Broussard  
J. Duzinkiewicz  
V.J. Killion  
G. Lee  
D.R. McMillin  
M.T. Morgan  
A.C. Rollock  
W.J. Zinsmeister

Absent:  
L.D. Bentley  
J.J. Contreni  
S.F. Mason  
A.C. Sullivan  
J.A. Walcott-McQuigg  
Y. Yih
It’s a pleasure to be here again this year at the University Senate. I always welcome this opportunity. The more we can discuss and understand the issues related to employee healthcare, I think it is better for everyone concerned. I welcome your questions. Please feel free to contact me.

As you have probably noticed, I have last year’s presentation here on Powerpoint. That’s because I want to take several of the slides that I used last year and compare with how things are going. However, I also want to look towards the future too. So let’s update last year’s presentation to 2005.

Before we start, let me introduce myself for those of you who don’t know me. My name is Brent Bowditch. I am an assistant director of Human Resource Services in charge of Staff Benefits. This presentation will be out on the web with my contact information, so if you have any questions or comments, I really do welcome them.
The past two years we have talked about a University-employee partnership of working together to try keep the best possible health plans at the best price.

This partnership of working together continues to be in our best interest. Healthcare costs since 1997 have risen each year nationally at double digit percentage rates. You can hardly pick up a newspaper or magazine where there won’t be an article about the high cost of healthcare. Mercer Associates, a benefits consulting firm, just said a month ago that medical costs for 2005 nationally are expected to increase 12% in 2005. If that happened here at Purdue, we would need an additional $7.5 million over what we spent in 2004. That’s a lot of extra money that robs the University and you from using it for high priority purposes. It’s therefore critical that we work together to limit the increases as much as possible.
I showed you this slide last year. This represents the medical and prescription drug claims cost that Purdue pays for its employees. You can see the tremendous cost increases that started in 1997.

In 2002 we made some big changes that took affect January 1, 2003. I'm happy to say that those changes are starting to have an impact. The red bars on this chart represent the actual and/or projections of what we think our health claims will now be. The 5% increase in 2004 and the projected 2% increase in 2005 are well below the 12% national increases other employers are seeing.

So how have WE done this. And I emphasize the “WE”, as the University has relied on you helping us.
Let me give you just two major examples of changes we made in 2003 that are now making a difference.

- Added a three tier prescription drug formulary
  - Provide financial incentives to use generic and preferred brand name drugs
- Added the Incentive PPO
  - Provided financial incentives to use medical providers in the PHCS network.

In 2003 the University changed the prescription drug benefit to encourage generic drug use as well as preferred brand name drugs. This chart represents the prescription drug usage of Purdue employees. The blue bar represents generic drug usage and the green bar represents brand name drugs. As you can see, generic drug usage increased from 40% in 2002 to 46% in the first five months of this year. Now that might not seem like a lot but let me show you something.

This pie chart represents the same information from the previous chart but for just the first five months of 2004.
This chart, however, shows you the percentage breakdown of total costs that the University spends for generic and brand name drugs. Even though brand name drugs represent 54% of the prescription drugs used by Purdue employees, they represent 82% of the total cost of prescription drugs. On average brand name drugs cost almost four times what generic drugs cost.

So let’s go back to this chart. If generic drug usage was the same for the first 5 months of 2004 as it was in 2002, it would cost the University almost an additional half of a million dollars. So thanks for switching to generic drugs when appropriate.

Let me give you the second example that is having a major impact on lowering prices: the Incentive PPO plan.

But before I do, let me show you the three major health plans we have here at Purdue and how their coinsurance/co-pays work.
The Purdue 500 is a plan I do not like. The reason I don’t like it is because it has no incentives for employees to try to be better medical consumers. One of our goals in this partnership is to make you a better consumer of health care. In the Purdue 500, you pay 30% of the costs, no matter who you go to. Unfortunately, the cost of healthcare varies tremendously. If employees don’t make informed decisions about their choices, they and Purdue will probably be paying more for their care than is necessary. This is why this plan is the most expensive health plan at Purdue.

Let me give you a real life example of a preventive screening many employees get. The “Covered Amount” column represents the total amount charged by the physician in 2004 at varies medical providers under the Purdue 500 plan.

As you can see the costs vary widely. Choosing Arnett to have this screening will cost you over twice as much as having a specialist do it in Indianapolis.

Yet employees in the Purdue 500 plan don’t think twice about going to an Arnett doctor.
The Incentive PPO plan was introduced in 2003. For the first time, Purdue charged different rates based on which medical provider you used.

We introduced the PHCS national network of health care providers. If you went to a medical provider in the PHCS network you paid 10% to 15% of the cost. If you didn’t, you paid 40% of the cost. PHCS providers agreed to charge lower amounts so it was in our best interest to encourage us to use PHCS providers whenever possible.

Here is the same preventive screening example we just saw.

Let’s now compare the costs of this screening in the Incentive PPO plan. Both Unity and the Indianapolis provider are members of the PHCS network. Arnett is not. You pay 15% of the cost for PHCS providers or 40% of the non-PHCS provider. As you can see, you could save substantial amounts of money using a PHCS provider under the Incentive PPO plan.

Employees know that they will keep their healthcare costs as low as possible if they use PHCS medical providers.
Three Main Health Plans
Coinsurance and Co-pays

- Purdue 500
  - You pay 30% of costs no matter who you see
- Incentive PPO
  - You pay 10% to 15% of costs if you use a PHCS provider
  - You pay 40% if you don’t use a PHCS provider
- Purdue Managed Care
  - You pay $20 co-pay for physician services if you use an Arnett network provider ($300 for surgery)
  - You pay 30% of costs if you don’t use an Arnett Network provider

We have encouraged Arnett to join the PHCS network but they have refused to do so. Arnett has told us that their business strategy is to give the best rates for those employees that utilize Arnett physicians through the Purdue Managed Care plan. And that is true. Arnett’s rates are some of the best under the Purdue Managed Care plan and some of the worst under the Incentive PPO and Purdue 500 plans. This is one of the reasons why Purdue Managed Care rates for 2005 are either not going up at all or going up just a minimal amount.

If you use Arnett physicians, you should seriously consider this plan.

This is the slide I wanted to show you, because it shows that many of you are trying to keep costs low by leaving the Purdue 500 plan and moving to either the Incentive PPO or Purdue Managed Care plans.
Incentive PPO

From 72 providers in 2002 to Over 400 providers TODAY in the Lafayette Area

When we introduced the Incentive PPO plan two years ago at open enrollment, the University took a pretty big risk.

Medical providers did not participate in national provider networks in the Lafayette area. Our data showed that the local networks provided minimal discounts. We asked you to join the Incentive PPO with the national PHCS network in hopes that we could build upon the 72 local providers that were part of it in 2002. You did move to this plan which had a big impact on us being able to now have over 400 providers locally.

Let me show you what has happened to healthcare costs when medical providers join the PHCS network.

I showed you this slide last year. As you can see medical costs for services are very high in the Lafayette area. In fact, last year Lafayette ranked right up at the top. But when Unity joined PHCS in 2004, their cost for this preventive screening dropped to $654, a significant decrease over what they were charging the year before.

Yet, the Lafayette rates are often still higher than what we see around the rest of the state.
Here is a more dramatic example of the kind of savings we are seeing with the addition of the PHCS network.

This is an example of a surgery performed by the same surgeon in the same facility in the Lafayette area. The only difference (besides the patient!) is that in 2003 the surgeon and facility were not part of the PHCS network. In 2004, they were. As you can see the total charges charged were $5,510 in 2003 and only $1,818 in 2004.

The employee only paid $273 in 2004 versus $1,377 in 2003. Purdue saved too.

The 2004 reimbursement of $1,818 to the surgeon and facility is consistent with reimbursements to other medical providers across the country for this type of surgery. Purdue feels this reimbursement is fair to the providers.

So what else have we done?

Local healthcare has been in chaos in 2004. We have worked with the local providers including the two local hospitals to renegotiate contracts. We have moved from a discount situation to a much better fixed price system.
What else have we done?

- Renegotiated with Arnett to save you and the University significant amounts of money in 2005 for the Purdue Managed Care plan.
- We also added performance guarantees to ensure the quality of services.

We have also been very successful in negotiating with Arnett Clinic for the Arnett Managed Care plan this year. They have given us very competitive rates in 2005. In addition we have added performance guarantees to add an extra incentive for Arnett to ensure the quality of services Purdue employees will get.

Another situation that I am very excited about is the employer coalition that is forming to influence healthcare locally.

Purdue has been a major influence in this effort. Jim Almond, Vice President of Business Services, serves as a co-chair with Wabash National on a subcommittee to determine the costs of healthcare locally. This is the first time major employers, as well as smaller employers, have joined forces over the concern of healthcare costs locally.

I have worked with Jim on this committee too and am hopeful that this committee will be able to influence the direction of healthcare that is in the best interest of the local Lafayette area.
So those are many of the “successes” that we – you and Purdue – have been able to achieve recently.

But let’s now talk about the future….

Let’s go back to this slide that I showed you earlier. As you can see, we have begun to flatten out the percentage growth in healthcare cost recently.

However, we need to plan today how we will control the national trend of ever increasing healthcare costs for the next several years. If costs continue to grow at 12%, you can see the devastating effect of how much Purdue will need to cover healthcare costs. The amounts are staggering.

That is why we need to plan today how we will control costs in the future so we can work together to do so.
So what do we do?

Our major focus right now is two-fold: First, to keep you out of the healthcare system. This doesn’t mean we won’t let you see your doctor! We want you to get medical attention if you need it, or for preventive health situations. What I mean is we want to keep you healthy so you don’t need to use the medical system. This is achievable by encouraging you to live a healthier lifestyle.

The other focus is to provide you with more information so you can be a better informed medical consumer.
Slide 29

**New Order of Responsibility and Accountability for Employees**

- To Be Involved
- To Choose the Best Value
- To Consume Wisely
- To Live a Healthy Lifestyle

I showed you this slide last year. We need you to be more active in your healthcare.

Slide 30

**New Order of Responsibility and Accountability for Purdue**

- To Provide Decision-Making Tools and Resources to Employees
- To Educate and Communicate
- To Manage Vendors and Healthcare Delivery
- To Give Choices for the Best Value
- To Listen and Learn

However, Purdue HAS to help you in this process. Unless we step up to help you be a better medical consumer, we cannot expect you to be so.

Slide 31

**New Order of Responsibility and Accountability for Purdue**

- To Provide Decision-Making Tools and Resources to Employees
  - Late 2005/Early 2006 provide COST information on the Web for you to compare costs
  - Working with a company called D2Hawkeye to collect QUALITY information on local providers

In order to help employees, Purdue will provide later this year or early in 2006 cost information that will help you compare medical costs locally and elsewhere. Employees have not had this in the past. My hope is that employees will use this to become aware of costs, and question the costs they may be paying for healthcare.

Cost is just one component of healthcare. The other major component is quality. It makes no sense to pay a low price if the quality of healthcare is low. This
is why I am excited about working with a company called D2Hawkeye. This company was created at MIT and is one of the first companies that has developed ways of measuring quality among medical providers. We don't know if we will be successful, but we are working with D2Hawkeye to see what we can do locally so we can provide you with this kind of information.

As I mentioned earlier, we want to provide you with the correct resources so that you can keep healthy and stay out of the healthcare system.

One way of doing this is to provide educational resources, guidance, and encouragement if you have a chronic disease. This past January, we introduced the Delta Disease Education program for all faculty and staff on the Purdue 500 and Incentive PPO plans. Its implementation has been slower than I want, but the program is beginning to pick up speed. If employees and dependents with chronic diseases can learn how to best deal with their disease, they can have a dramatic effect on the costs they spend.
New Order of Responsibility and Accountability for Purdue

- To Educate and Communicate
  - Health Plan Advisory Committee strongly recommended that Purdue implement a Population Health Management program
  - Detailed proposal will be presented next month for such a program

The other major initiative that I think is critical to keeping healthcare costs at rates that are much lower than the national average is Population Health Management. For the past year we have been exploring this initiative. Population Health Management is very different from the traditional wellness programs you see at most employers today. Traditional wellness programs typically offer things like walking programs, smoking cessation, weight loss, etc. However they are very “hands off”. They are a smorgasbord of good programs. However, they rely on employees coming to the program instead of the program coming to the employees. They are much less effective than Population Health Management.

Population Health Management takes the programs to employees. This type of program identifies those employees who have chronic diseases or are at risk of getting them. Through incentives, education, and individual coaching, employees are encouraged to adopt healthier lifestyles.

Population Health Management is not some fluffy new trend. There are many scientific research studies that have been published in respected academic journals that have demonstrated a significant return on investment through such programs.
Dr. Julie Huetteeman is in the back. Let me introduce you to her. She is working with us to design a program here at Purdue that will do what I am talking about. We are almost ready to present a proposal to the University administration and hope to do so next month.

Programs like this will allow us to keep healthcare costs lower than what we would expect.

The past two years we have talked about a University-employee partnership of working together to try keep the best possible health plans at the best price.

As I have shown you, I believe this partnership has worked. You have helped the University keep healthcare costs low.

However, we still need to be vigilant. There is nothing to indicate that medical costs will not rise to much higher levels in the future.

We need to continue to invest in efforts that will keep costs lower than expected.
As I said last year, every dollar we spend on health care is a dollar we don’t have for other purposes.

Whether that is Purdue’s strategic plan we cannot fund or a vacation you might have wanted to take, it is in our best interest to continue to work together to keep costs low.

I want to thank you for your time today. I would be happy to answer any questions you might have.
After a short battle with cancer, Dale W. Alspaugh died on July 1, 2004. Dale is survived by his wife, Marlowe and four grown children, Susan (Steve Briggs), Patricia, Michael (Cheryl) and Barbara (Peter Floss). He was the proud grandfather of eight grandchildren – Tim, Derek, Daniel, Adam, Ryan, Brian, Michael and Anna.

Dale W. Alspaugh dedicated his life to Purdue University. His love of this institution began nearly fifty years ago when he started working on his master’s degree in engineering at Purdue West Lafayette. He not only completed that degree but went on to complete his Ph.D. at Purdue as well.

Dale fully understood what it meant to be engaged in the university. He was active on many university committees throughout his tenure. He was most proud of the work he did while serving as a member of the Athletic Affairs Committee where he researched the trajectory for field goals to determine the placement of the netting behind the goalposts.

Most of Dale’s research interests were in the field of engineering and aeronautics and astronautics. He authored or co-authored many articles in these areas. He loved teaching and stayed in contact with students who had been in his classes when he taught at West Lafayette. Many of these students became astronauts in the United States Space Program.

In 1981 he began his service to Purdue University North Central as the Vice Chancellor for Academic Services. He held this position for one year and was then named Acting Chancellor by then Purdue Interim President John Hicks. He served in that role for two years before being named Chancellor in 1984.

Throughout his years at PNC, Dale was dedicated to raising the level of respect for the campus throughout the communities served. It was he who insisted on the use of the word “university” in the campus name. And as a result of his efforts, more and more people came to know that a real university was in their midst and that PNC had much to offer the region.

During the seventeen years that he served as Chancellor, five baccalaureate and five associate degree programs were approved as well as several certificate programs. Enrollment during this time steadily increased and he provided much needed stability in terms of leadership. The college programs at both the Westville Correctional Facility and Lakeside Correctional Facility began during this time. Physical facilities grew as well and the Technology Building, the crowning achievement during Alspaugh’s tenure, was dedicated in 1995. Other facilities included outdoor athletic facilities like the John Hicks Baseball Field. Even in his retirement he was still working for the campus by developing an oral history of individuals important to PNC’s development.
Upon his retirement, Dale and Marlowe Alspaugh established the Dale Alspaugh Fund. This fund allows the Chancellor to use his discretion to fund various campus activities, especially scholarships. Currently with over $60,000, this fund most recently has been used to underwrite the Chancellor’s Leadership Scholarships.

Dale Alspaugh will fondly be remembered as a quiet, guiding force at Purdue University North Central. Many staff members who are working in key positions at the campus today were fortunate to have had him as their guide and mentor. It is clear that the North Central campus would not be the strong institution it is today were it not for the leadership of Dale Alspaugh. His legacy will be felt for generations to come.

James B. Dworkin
Chancellor