

**Financial Affairs Committee  
Minutes and Report**

**(Meeting Date: 10/3/2000)**

**UA Faculty Senate**

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The Financial Affairs Committee met Tuesday 10/3/2000.

Members Present: Keith Woodbury, Deborah Martin, Wythe Holt, Anup Agrawal, Terry Royed.

Members Absent: Lee Pike.

Guests: Alan Hopenwasser (Mathematics)

Several topics were discussed:

**1) University ACTION Cards - Prof. Hopenwasser**

Prof. Alan Hopenwasser from the Mathematics Department raised concern about the new University ACTION Cards that double as AT&T calling cards. His concern is that the "creeping commercialism" manifested by such business contracts could ultimately threaten academic freedom. (In an extreme case, could UA's contractual arrangement with a large corporation prohibit a faculty member from offering an unbiased academic evaluation of that corporation?)

A discussion raised other instances of this "creeping commercialism" spreading across campus: the Starbucks logo in the Ferguson Center, promotional materials in the Recreation Center, and omnipresent "Coke" and "Pepsi" banners proclaiming special events.

The relevant question is: "What financial arrangement is there between UA and AT&T for the phone cards?"

**2) Mail Order Prescriptions**

Prof. Hopenwasser also raised concern about the modified prescription medicine benefits recently publicized in DIALOG. The University is raising the cost of copay on medications obtained through local pharmacies, and is lowering it for participation in a mail order program. Prof. Hopenwasser's concern is not a financial one, but rather a safety issue. If all medicines are obtained through a single pharmacy outlet, the pharmacist can act as the last line of defense in protection against strong drug interactions. However, if some drugs ("maintenance drugs") are obtained via mail order and others (those needed in case of illness, for example) are obtained through a local pharmacy, the ability of either pharmacy agent to act effectively in guarding against drug interactions is diminished significantly.

**3) Feedback from Provost Barrett regarding Equity Adjustments**

At the last Steering Committee meeting with the Provost, Keith Woodbury queried the Provost about how equity adjustments were made during the last raise period. Dr. Barrett responded that one-half of one of the percentage points available from the State as new money was reserved for equity adjustments. These monies were passed on to the Division Chiefs (Deans) for distribution within their divisions. Additionally, President Sorensen made \$300,000 available for additional equity adjustments for Faculty only.

Discussions centered on what guidelines were issued to the Division Chiefs for distribution of the 0.5% for equity. Based on the Provost's comments, it appears that there were no guidelines issued.

Financial Affairs is concerned about the apparent lack of guidelines, and fears that lack of such guidelines could result in cronyism.

*Financial Affairs requests that the Faculty Senate send a formal letter to the Provost, requesting the standards and procedures used to distribute equity money by the deans.*

#### **4) "Sweatshop" issue resolution**

Keith Woodbury brought forward a resolution for discussion concerning the "sweatshop" issue. The gist of this resolution is recognition of the President Sorensen's appointment of the Task Force last year to consider the issue, and to commend him for his swift and appropriate actions in response to concerns expressed by students and faculty. This resolution also included an endorsement of the University's decision (based on the Task Force's recommendation) to join the Fair Labor Association.

Wythe Holt presented a comparison between the "labor code" espoused by the Fair Labor Association (FLA) and the Worker's Rights Consortium (WRC) (see attachment *FLA-WRCcompare.pdf*). The latter is another watchdog agency, and one which was also considered by the Task Force before the decision was taken to subscribe to the FLA. Wythe Holt presented a point-by-point comparison of the two labor codes, and argued that the WRC code (see attachment *WRCcode.doc*) was more rigorous and would result in a stronger barrier to "sweatshop" practices. One of the main tenets of the WRC code is the "living wage" clause that establishes as a floor for wages in the industry "a dignified living wage for workers and their families."

According to the WRC: "[A living wage is a "take home" or "net" wage, earned during a country's legal maximum work week, but not more than 48 hours. A living wage provides for the basic needs (housing, energy, nutrition, clothing, health care, education, potable water, childcare, transportation and savings) of an average family unit of employees in the garment manufacturing employment sector of the country divided by the average number of adult wage earners in the family unit of employees in the garment manufacturing employment sector of the country.]"

Discussion highlighted several factors: in the USA, the legal minimum wage is not a "living wage" according to the WRC (our group estimates the living wage in the USA to be about \$15.00 per hour); the University has already joined the FLA and thus the alternative of the WRC is not a valid current option; the FLA membership includes many (about 17) corporations (including Nike?) which apparently had a hand in crafting the Labor Code for the FLA since many of the points are industry-friendly.

Wythe Holt suggested an alteration of the proposed resolution to include language suggesting the University adopt a stance in favor of a living wage. There was a minority opinion on the committee against

this, but after discussion the committee agreed to go forward with the modified resolution (see attachment *ResolutionSupportingFairLaborAssociation+LivingWage.pdf*).

## 5) Travel Reimbursements

Deborah Martin has been in contact with Reba Essary about the new travel policies which were *supposed* to have been adopted last year. Deborah Martin has received assurances that the new policies are in force, and Reba Essary has promised to send copies of the new policies to Deborah Martin.

## 6) Vestment period issue

Following up on the issue raised last month by Anup Agrawal, Keith Woodbury presented the results of a Web-based survey of the universities in the Southern University Group regarding their policies for vestment in a state-sponsored retirement program (see attachment *SUG-RetirementPlans.pdf*). These results do confirm the notion that a shorter vestment period is more prevalent (14 to 10 in the SUG). However, incomplete evidence garnered during the Web survey suggests that many of these schools offer as alternatives the state-sponsored pension plan and the TIAA-CREF. (At UA we enjoy *both* of these programs). Keith Woodbury also reported the results of a telephone call to the Retirement Systems of Alabama office in Montgomery. He spoke to one of the retirement counselors (Mr. Craig Butler) who confirmed that the present 10 year vestment period is a matter of legislation. Mr. Butler also suggested that with a shorter vestment period there will certainly be negative side effects, such as a longer working period before being eligible for retirement (30 years versus 25) or reduced payouts at retirement.

A short discussion revealed that the sense of the Committee is that the present 10 year vestment period is satisfactory and that the Committee would not pursue a resolution to modify the present system.

## ***Attachments***

[FLA-WRCcompare.pdf](#)

[WRCcode.pdf](#)

[ResolutionSupportingFairLaborAssociation+LivingWage.pdf](#)

[SUG-RetirementPlans.pdf](#)

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Web posted: 10/24/00