Faculty Senate Meeting

Tuesday, January 29, 2019

3:30p.m. – 5:30p.m. – Toepfer Room, Adelbert Hall,

3:30 p.m.	Approval of Minutes from the December 19, 2018, Faculty Senate Meeting, *attachment*	Cynthia Beall
3:35 p.m.	President's Announcements	Barbara Snyder
3:40 p.m.	Provost's Announcements	Ben Vinson
3:50 p.m.	Chair's Announcements	Cynthia Beall
3:55 p.m.	Report from the Executive Committee	David Miller
4:00 p.m.	Secretary of the Corporation Report, *attachment*	Cynthia Beall
4:05 p.m.	Strategic Planning Timeline	Ben Vinson Lisa Camp
4:15 p.m.	Presentation on Accommodated Testing	Judith Hammer
4:25 p.m.	Replacement of Outdated Sexual Harassment Policy in Faculty Handbook	Kenneth Ledford
4:30 p.m.	Presentation on University Accounting Practices Impacting Management Units	Victoria Wright Jonathan Carlson
5:00 p.m.	Pharmacy Benefit Manager Transition Update	Carolyn Gregory Jamie Ryan
5:20 p.m.	New Business	Cynthia Beall
	Executive Session, if necessary	
	Faculty Senate Reception	

Faculty Senate

Faculty Senate Meeting
Tuesday, January 29, 2019
3:30 pm to 5:30 pm
Adelbert Hall, Toepfer Room

Members Present

Rohan Akolkar	Mark Hans	Roger Quinn
Brendan Barton	Steven Hauck	R. Mohan Sankaran
Cynthia Beall	Lee Hoffer	Beverly Saylor
Jeremy Bendik-Keymer	Paul Iversen	William P. Schilling
Jaime Bouvier	Theresa (Roma) Jasinevicius	Roman Sheremeta
Matthias Buck	Kathleen Kash	Peter Shulman
Luke Bury	Thomas J. Kelley	Barbara Snyder
Christine Cano	Kenneth Ledford	Glenn Starkman
Susan Case	Anne Matthews	Stan Szarek
Phil Cola	Janet McGrath	Dustin Tyler
Juscelino Colares	David Miller	Ben Vinson III
David Crampton	Andre Paes	Joachim Voss
Christopher Cullis	Simon Peck	Allison Webel
Radhika Duggal	Andrew Pollis	Rebecca Weiss
Karen Farrell	Dana Prince	

Members Absent

Harihara Baskaran	Sudha Iyengar	Susan Painter
Karen Beckwith	Ruth A. Keri	Leena Palomo
Valerie Boebel Toly	Ahmad M. Khalil	Aaron Perzanowksi
Francesca Brittan	Danny Manor	Renato Roperto
Evelyn Duffy	David Matthiesen	James Simmelink
Steven Eppell	Maureen McEnery	Ali Syed
Steve Feldman	Kathryn Mercer	Chris Winkelman
Susan Hinze	Ronda Mourad	

Others Present

Katie Brancato	Arlishea Fulton	Matthew Smith
Lisa Camp	Amy Hammett	Jeff Wolcowitz
Jonathan Carlson	Thomas Matthews	Sue Workman
Stephanie Endy	Marilyn Sanders Mobley	Victoria Wright
Don Feke	Dean Patterson	
David Fleshler	John Sideras	

Faculty Senate

Professor Cynthia Beall, chair, Faculty Senate, called the meeting to order at 3:30 p.m.

Approval of Minutes
The Senate approved the minutes from the December 19, 2018 Faculty Senate meeting.
Attachment

President's Announcements
The President reported that the university will be closed on Wednesday and Thursday of this week due to extreme temperatures and wind. However, heat will be on in all campus buildings.

Cyrus Taylor resigned as dean of the College of Arts and Sciences and will return to teaching. Professor Timothy Beal will serve as interim dean.

LaToya Ruby Frazier, a visual artist and advocate, was the Martin Luther King, Jr. Convocation speaker. Ms. Frazier uses photography to capture social inequality. President Snyder said that that speech was very powerful.

 The university's capital campaign officially concluded on December 31, 2018. A total of $1.82 billion was raised. Momentum typically slows at the conclusion of a capital campaign, but a total of $131 million were raised during the last 6 months ending 12/31/18. The campaign has had an enormous impact on the university community. I n addition to raising $1.3 million in cash, $153 million was raised for undergraduate and graduate student scholarships and fellowships and $862 million was raised for academic and research programs. Funding for 98 endowed professorships was also raised. The university will continue to seek funding for student scholarships. The President said that a Commission on the future of philanthropy is being formed. The chair and vice chair of the Senate have agreed to serve. They will discuss new avenues and vehicles for fundraising in the future.

The President encouraged all present to attend the reception following the meeting.

Provost's Announcements
The Provost reported that the university has received more than 28,000 undergraduate applications this year, which is approximately 2,000 more than last year. There was also an increase in the number of applications from students interested in the humanities and social sciences, as well as more applications from African-American students.

The Provost reported that his office is currently conducting searches for, (i) School of Nursing dean (initial candidate interviews are scheduled for 2/13), (ii) an Executive Director for the

Faculty Senate

Veale Institute for Innovation and Entrepreneurship, and (iii) an Associate Provost for Interprofessional Education.

Chair's Announcements

Prof. Beall reported that the Office of International Affairs and the Office of University Technology have requested that proposals for new or revised programs/degrees (as designated on the university's Approval Matrix) be submitted to their offices as part of the overall approval process. More information on this will follow.

Report from the Executive Committee

Professor David Miller, vice chair, reported on items from the December 12th Executive Committee meeting:

1. **Report from Faculty Senate Committee on Minority Affairs** – Professor Leena Palomo, member of the Senate Minority Affairs Committee, presented a proposed resolution from the Committee to increase Diversity 360 Training among faculty and senators through the Office of Inclusion, Diversity and Equal Opportunity (OIDEO). The Executive Committee discussed the resolution and whether the data maintained by OIDEO on faculty participation in the Diversity 360 was accurate. Prof. Palomo said that OIDEO had originally maintained incomplete information on attendance but that they are keeping better records now. The Executive Committee decided that without accurate data, they could not consider the resolution. Several Committee members said that they had received emails from a member of the Minorities Affairs Committee asking if they had completed the training. Prof. Palomo said she would look into this to determine whether the email had been sent to the entire Faculty Senate.

2. **Placement in the handbook of University Policies that Affect Faculty -** Professor Ken Ledford, chair of the Senate By-Laws Committee, reported on the status of discussions with Libby Keefer, General Counsel, regarding placement of university policies that directly affect faculty. The University Compliance Office compiled a list of university policies that is now maintained on the Compliance website. Ms. Keefer reviewed this list of policies and is organizing them into three categories: (1) applicability to faculty roles; (2) faculty as employees; and (3) faculty members of the university community. Once this is completed, a plan will be developed for placement of policies that directly affect faculty (or links to policies) in the relevant chapters of the Handbook.

3. **Draft Language for Budget Priorities Subcommittee Charge -** Prof. Ledford presented draft language for the Budget Priorities Subcommittee charge. Since this is a Subcommittee of the Senate Finance Committee, it is proposed that the language be contained within the Finance Committee charge in Chapter 2 of the Faculty Handbook, and will require approval by the University Faculty and the Board of Trustees. A committee member asked about the language in the proposed charge restricting subcommittee member terms to 3 years. He pointed out that a standing committee chair who is a member of the subcommittee could serve more than 3 years as chair of his/her committee. The Executive Committee discussed whether to remove this language in the charge or to limit its applicability. The Committee decided that the restriction should apply only to at-large members of the

subcommittee and not standing committee chairs. Professor Glenn Starkman, chair of the Finance Committee, will revise the language and send it to Prof. Ledford.

4. **Faculty Personnel Committee Report on Faculty 9-month Contracts-** the Committee on Faculty Personnel was charged by the Executive Committee with requesting information from the College and the schools on rules (or practices) that govern when 9-month faculty are expected to be on campus or available during the academic year. The Provost had asked the Senate to review these requirements and to consider whether rules should be consistent across the schools. Prof. Christine Cano, chair of the Personnel Committee, reported that among those schools with faculty on 9-month contracts, there appears to be significant variation. The range from formal polices (CAS) to no policies (WSOM) to no policies with strong informal expectations. The Provost and President stated that faculty should not be asked to follow a rigid set of guidelines that dictate when they must be on campus (e.g., fall and spring breaks). The President and Provost clarified that the Provost's request was actually a request regarding his concern about a FEW faculty who spend excessive time off campus to the extent that they do not fulfill their university duties. Prof. Ledford suggested that one approach would be to amend the professional responsibilities section of the Faculty Handbook to address this issue, and abuses could be dealt with through disciplinary actions. The President suggested that this be considered by the Senate By-Laws Committee. Provost Vinson indicated that we could discuss expectations regarding faculty presence on campus continuously throughout the academic year regardless of official University breaks with the deans.

Secretary of the Corporation Report
The Secretary of the Corporation report from the January 15th, 2018 Board of Trustees meeting was posted to the Senate Google site prior to the meeting. *Attachment*

Strategic Planning Timeline
Lisa Camp, Chief of Staff to the Provost, provided a timeline for the strategic planning process. By June 1, she expect to have a 2-3 page framework for the plan. This will not be a detailed document, but one that will guide the university going forward. 150 applications for Thinkers were received. The applications were reviewed and ranked by the President's Council and the Presidents of the Undergraduate Student Government and the Graduate Student Council. The highest ranked applications were reviewed by the Provost and 14 Thinkers were chosen. They will be introduced to the University community at an event next week.

A committee of 12 reviewers (including two faculty from the Senate Executive Committee) reviewed 131 applications for seed sprints. Sprints that are ranked at 3.5 or higher (out of 5) will move to the next level for consideration. There were many good ideas presented and the Provost's office is considering how to use those that weren't accepted for the next level. Those who receive funding will work on their projects over the semester and report to the campus community in May.

After February 1, focus will turn to the reading, discussion, and advising groups that will involve university community members. Ms. Camp said that she would like to see the Faculty Senate

hold debates or other discussion groups.   Applications for facilitators for these groups are being accepted. Ideas from the groups will be conveyed to the Thinkers. Ms. Camp said that there will be periodic meetings where the Thinkers will update the university community on their progress. A member of the Senate asked whether the mission of the University will be discussed as part of the planning process. The Provost said that this is being considered. Ms. Camp said that there will be advisory groups for alumni, industry leaders, Distinguished University Professors, Emeriti Faculty and others. Each one of these groups has been assigned a staff member and will begin meeting in February. A member of the Committee suggested that there also be a county or Greater Cleveland group. Ms. Camp said that they will be working with Julie Rehm, Vice President, Government and Foundation Relations, and her advisory group, but that a survey will be created and sent to Cleveland leaders not already involved to see how they might want to engage. *Attachment*

Presentation on Accommodated Testing

Judith Hammer, Assistant Dean with the Office of Accommodated Testing and Services reported on the growing need for university resources and space for the broad range of testing accommodations that institutions are required to make available to students. While the total number of students requesting accommodations has not increased dramatically, the needs of the students have changed. For instance, in 2017, 19 students requested isolation rooms for test taking. This year the number increased to 40 and the university has just 5 isolation rooms. Staff are required to meet students very early in the morning or later at night because of the lack of appropriate space. Ms. Hammer provided information on revised testing procedures and reminded faculty how important is to complete the Faculty Authorization Form prior to an exam. Ms. Hammer also said that there may be occasions when they request teaching assistants to help proctor large groups of students on heavy testing days such as during midterms and finals. A senator asked whether the teaching assistants would be compensated. Departments may not have sufficient funds to cover this cost. Ms. Hammer said that they are working on securing new funding to help with these expenses. *Attachment*

Replacement of Outdated Sexual Harassment Policy in Faculty Handbook

Professor Ken Ledford, chair of the Senate By-Laws Committee, reported that the sexual harassment provisions of the Faculty Handbook (located in Chapter 4) should be replaced with the university's sexual misconduct policy. The Senate By-Laws Committee recommended removing the outdated sexual harassment provisions and replacing them with a link to the sexual misconduct policy. The Faculty Senate voted to approve accept this recommendation.

Presentation on University Accounting Practices that Impact Management Units

Jonathan Carlson, Vice President for Financial Planning, and Victoria Wright, Senior Associate Vice President for Planning and Administration, presented information on the university's revenue and expense allocation practices. Some revenue is directly attributable to a particular management center, but other revenue, such as from undergraduate tuition, requires allocation among the centers. Indirect costs for library, student services, plant, information

services, and university services are also allocated to management centers based on allocation formulas. A few changes to current revenue allocation practices have been instituted during the 2019 fiscal year. They pertain to allocation of undergraduate tuition revenue (15% of tuition revenue will be based on graduates' majors instead of degrees) and allocation of graduate and professional tuition (tuition revenue-sharing). In addition, the number of cost pools for indirect expense allocations has been reduced from 34 to 7. This change is being phased in over two years (2019-2020).

A senator thanked the presenters for providing transparency in the budgeting process. He also commented that while management centers have some control over their own revenue and expenses, policy decisions are being made at the administrative level with respect to allocation formulas, etc… Another senator said he believes that allocation practices disadvantage the College of Arts and Sciences. There was insufficient time for further questions, so the presenters were asked and agreed to come to the February Senate meeting to answer additional questions. Faculty were encouraged to review Appendix C to the operating statements which contains revenue and expense allocation practices. See https://goo.gl/Xob5rN

Pharmacy Benefit Manager Transition Update
Carolyn Gregory, Vice President for Human Resources, reported on options they are considering with respect to the pharmacy benefit manager situation. Ms. Gregory reminded the Senate that the transition was made to reduce the rate of health care cost increases. Options at this time include:

1. Maintaining the existing model
2. Keeping the existing model but providing employees the option to pick up maintenance medications at a CVS Pharmacy
3. Replacing Direct Scripts with another mail-order option and giving employees the option to pick up maintenance medications at a CVS Pharmacy

Ms. Gregory said that Direct Scripts' customer service has improved considerably since October of 2018. The ability to pay for medications on their website is still difficult but the company is working on this issue. With option #2, it will cost more for employees who choose to pick up maintenance medications locally. With option #3, all employees would have to re-enroll with a new pharmacy benefit manager and the transition would take 90-120 days. Plus, a change to another manager may not yield substantial benefits. Direct Scripts has been responsive to our requests and is also adding medications utilized by CWRU employees to its $9.95 list.

Ms. Gregory said that they have reached out to Professor J.B. Silvers at the Weatherhead School of Management (an expert in health care financing) and he has agreed to help evaluate the different options.

Faculty Senate

The meeting was adjourned at 5:37 pm.

Secretary Report to the Faculty Senate
January 29, 2019

The Executive Committee of the Board of Trustees met on January 15, 2019. The next meeting is full board on February 22-23, 2019. Below is a summary of the business transacted at the meeting.

The Trustees approved seven new endowments totaling $375,000 for scholarships in the College, Medicine, Dental, Engineering, and for the dean's discretionary funds for Nursing and Mandel School.

The Trustees also approved the following:
- appointment of the interim dean of the College of Arts and Sciences, Timothy Beal
- two awards of Honorary Degree
- three appointments to named professorships
- thirteen junior faculty appointments
- two appointments to emeritus status

The Trustees received an update on the success of the Forward Thinking capital campaign, which closed at $1.82 billion.

CWRU *ThinkBig* Strategic Plan

Update to the Faculty Senate
January 29, 2019
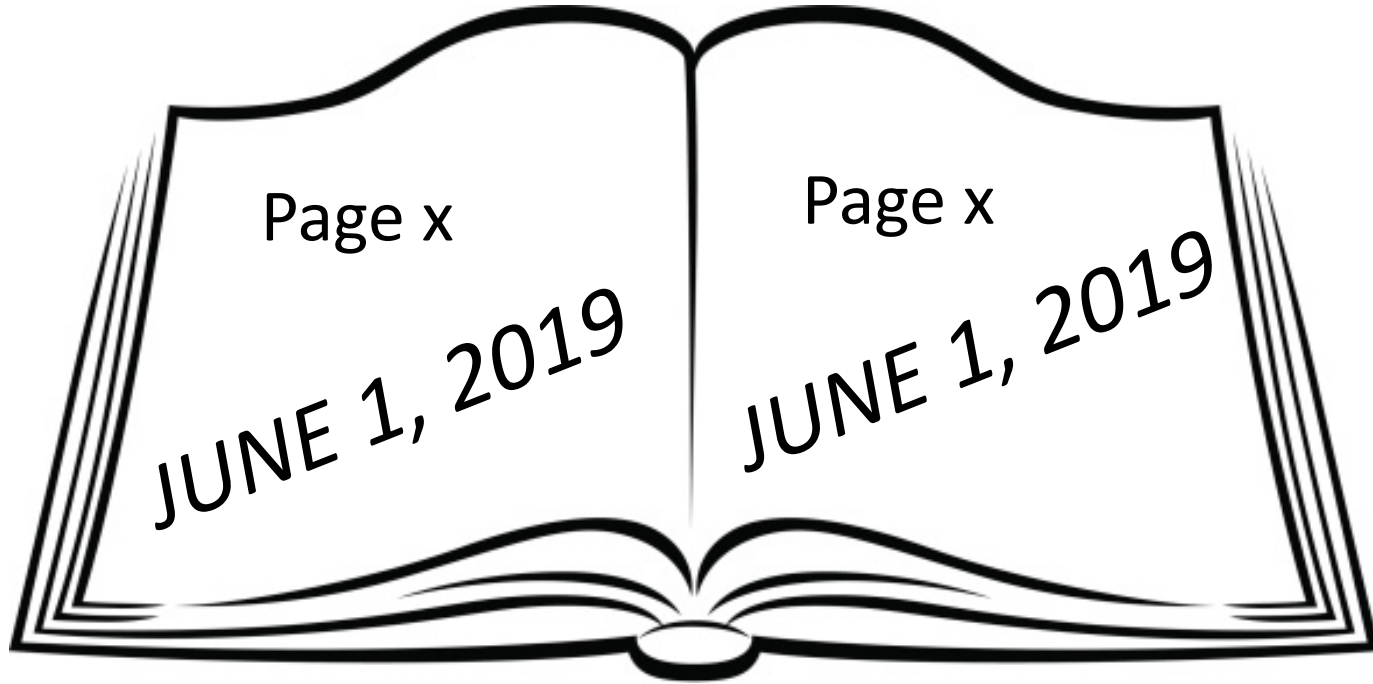
CASE WESTERN RESERVE
UNIVERSITY — EST. 1826
think beyond the possible™

The CWRU Strategy

CWRU "Thinkers & Listeners"

Thinkers & Listeners

- **January 16th:** 150 Applications
- Reviewed by President's Council, President of USG, President of GPC
- Final review by Provost
- **January 24th:** Announced 14 faculty/staff, 3 student liaisons
- **January 25th:** First meeting!

Faculty

Eileen Anderson-Fye
Diana Bilimoria
John Flores
Umut Gurkan
Ronald Hickman
Kathryn Lavelle
Kurt Stange
Paul Tesar
Dustin Tyler

Staff

Dawn Ellis
Michael Householder
Joan Schenkel
Naomi Sigg
Molly Watkins

Student Liaisons

Jinli Zhu , Michael Douglass, Monica Chavan

Seed Sprints

- **January 18th:** 131 applications
  - Academic: 73
  - Co-Curricular: 46
  - Administrative/Operational: 12
- **January 22nd:** Review Group meets; 55 invited back
  - Academic: 30
  - Co-Curricular: 19
  - Administrative/Operational: 6
- **January 30th:** Final submissions due
- **February 4th:** Review Group meets
- **February 5-8:** Announcements/projects begin
- **May 1-3:** Project report-outs to campus

What's Next?

- **January 28th through February 8th**
  - Campus-wide meeting with Thinkers/Listeners
  - Thinkers/Listeners reading, reviewing
  - Listing of seed sprints on ThinkBig website
  - Full activation of Advisory Groups
  - Begin activating reading/watching/listening groups
  - Begin developing lecture/dialogue/debate activities
  - Determine schedule of meetings with Faculty Senate Exec, Staff Advisory Exec, USG Exec, and GPC Exec.
  - Set schedule for campus updates

Dear Faculty Partners for Accommodated Testing:

Last fall, we proctored **3,224** tests for **378** students, with one or more of **25** possible testing accommodations, for **266** faculty with specific requirements for their exams and finals. Based on feedback from student and faculty surveys, we have make the following revisions to our testing procedures to ensure that we adhere both to the students' testing accommodations as well as faculty policies.

Communication with OATS

We are open 8 am to 5 pm with extended hours during finals. All correspondence about the testing process should be sent to testing@case.edu. We do not read email after 5 pm or on weekends. Our direct line is 216.368.0399.

Each time your students test with us, you will receive a series of email messages from testing@case.edu. These messages will be sent:
1. One week before a testing date, listing student(s) testing and their appointment information, including start/stop times.
2. Two days before a testing date, listing student(s) registering late for an exam.
3. The day of the exam, listing student(s) who have completed your exam.

If you see a start time not compliant with your course, send an email to testing@case.edu immediately. Students may require an early start time, but the stop time should fall within the class time for your exam. Any start times outside of your exam date and time are worked out by OATS with you prior to the exam.

Prior to the Exam Date

- **Complete your Faculty Authorization Form (FAF) promptly.** We can't test your student without a completed form.

  The FAF is sent along with your student's accommodation memo. However, only one FAF per course is needed per semester. If additional students send an FAF for the same course, you don't need to complete a new form.

  On your FAF, add the names, phone numbers, and email addresses of any co-instructors in your course and your teaching assistants who may pick up your completed exams. Also, complete all information applicable to your course for the semester, including the duration of your quizzes, exams, midterm, or your final. Noting a date and time for your final different than what is in SIS is especially important.

- **Along with the FAF, email your syllabus and your classroom testing policy (if not stated in your syllabus).** We need your testing policy in order to know how to respond to students who may arrive late or do not show for your exam(s). If students don't have a disability-related issue, they are held to the same policies as their classmates testing in the classroom.
- **Send testing materials to OATS _at least one business day_ before your students are testing.** Test materials should be either uploaded through AIM using the appointment notification email link or sent to testing@case.edu. Again, we do not read email after 5 pm or on weekends. We need 1 business day to prepare each test to reflect both a student's individual testing accommodations along with your specific test format and directions.

Include the following at the top of all exams sent to us: your first and last name, course title and number, and exam number. This information helps us keep track of exams since we administer 30 to 75 different exams on a daily basis.

- **Exam materials are secured in a locked cabinet.**

- **Notify us at testing@case.edu of changes in your testing process and/or scheduled exam/finals times.**

- **There may be occasions when we may ask if a TA from your course could assist with proctoring large groups of our students on heavy testing days such as during midterms and finals.**

- **Be sure that you or your TA is available when your students are testing to answer questions that they may have about your exam.** We will use the method of communication (either email or phone) that you indicated on the FAF.

Delivery
- **Couriers deliver completed exams Monday through Friday from 3 pm to 5 pm for faculty not on the Case Quad.**

- **Couriers will only leave the exams with individuals who can sign for these testing materials, such as a Department Assistant.** If you want your exams delivered to someone else in your department, such as a TA, you need to email testing@case.edu with the name and location of the person. We can't leave completed exams in mailboxes or slide them under office doors. We also can't scan completed exams unless a faculty has an accommodation or an emergency.

As your liaison, I am here to help you. I have attached our student testing policy so you know more about the testing process for your students. Please contact me directly at jko2@case.edu or at 216-368-8825 if you have recommendations to enhance our testing process. You can also send us feedback through our website survey at https://students.case.edu/wellness/testing/ .

Best regards,

Judy Hammer
Assistant Dean, Office of Accommodated Testing & Services (OATS)

Operating Statement Allocations

January 29, 2019

Jonathan Carlson

Victoria Wright

Operating Statement – Overview

- Responsibility Center Management (RCM)

RCM

Similar Format
Common Definitions
Ability to Aggregate
Ability to Plan & Report Activity

-University
  -Mgmt. Center
    -Division
      -Department
      -Cost Center

Operating Statement – Overview, continued

- Revenue
  - Most revenue is directly identified to the management center

  - Some revenue originates at level <u>not</u> identified with our management structure
    - This revenue requires allocation
    - Example: Undergraduate Tuition

Operating Statement – Overview, continued

- Revenue Allocation

    - Objective – allocate revenue within the management structure in proportion to revenue generation using an index
        - Undergraduate Tuition = Undergraduate credit hours

    - Sometimes…one index is too general or not accurate enough
        - Utilize multiple indices to reflect significant characteristics
            - Undergraduate Tuition =
                - 85% Undergraduate credit hours
                - 15% degrees/majors granted

Operating Statement – Overview, continued

- Expense

  - Objective – allocate cost not directly managed but attributed to generating revenue (i.e., UTech, Plant)

    - RCM operates using an Operating Statement at the unit level for performance reporting

    - Some organizations direct charge these support costs when there is a significant cost/benefit and very detailed cost accounting

  - Utilize an index reflective of usage (i.e., student head count)

  - Sometimes…one index is too general or not accurate enough

    - Identify <u>sub-set</u> within cost pools which is consumed in a different pattern

Operating Statement – Overview, continued

- Expense, continued
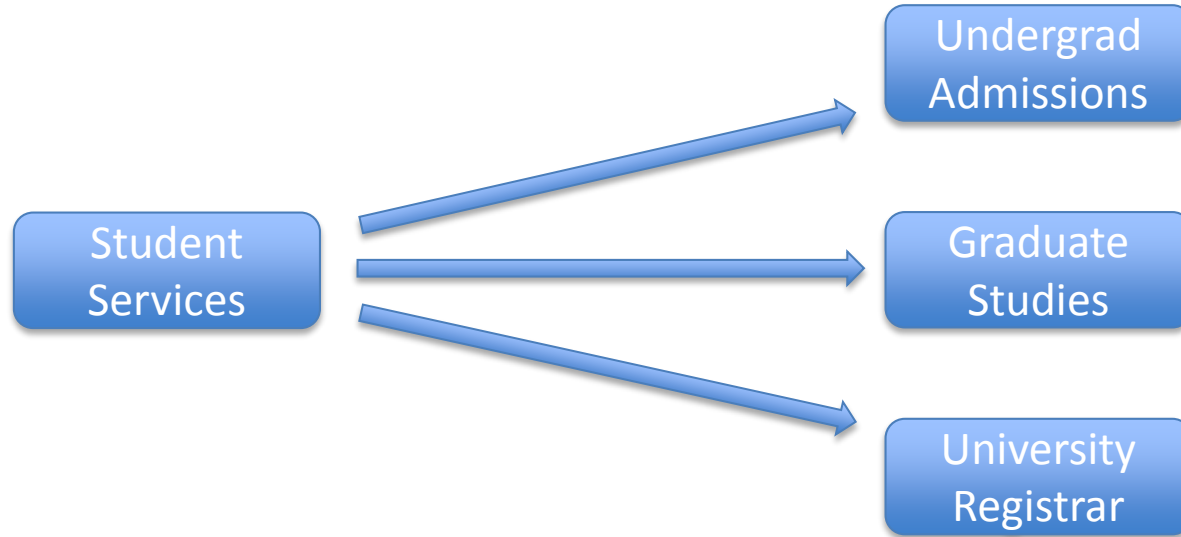
Operating Statement – Contents

- "Budget Book" - Annually published Operating Statement plan for the upcoming year
- Includes consolidated budget and budgets by management center
- Key Facts and Assumptions
- Notes to Revenue and Expense
- Historical Trends
- Significant variances
- Student enrollment and Tuition, Room & Board rates
- Appendix C - Revenue and Expense Allocation Practices

Operating Statement – Frequency of Use

- Operating Budget
    - Operating statement plan for the upcoming year
    - Internal View Operating Statement
- Quarterly Forecasts (Q1, Q2, Q3)
    - Operating Statement plan for the remainder of the current year
    - Forecast based on current year-to-date information
    - Compared to Operating Budget
- Annual Operating Statement
    - Year end final results
    - Compared to Operating Budget

Operating Statement – Where to Find

- Budget Book located at **https://case.edu/financialplanning/operating-budget**

- Includes current Budget Book and Archived copies from FY 2012

- Includes Allocations

  - Revenue

  - Expense

- Primary use – A guide for performance measurement
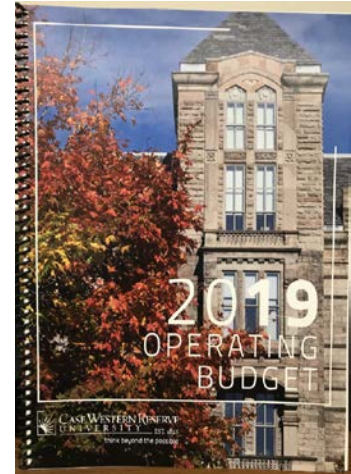
Operating Statement - Format

- Revenue – Resources in
  - Tuition
  - Endowment
  - Other
- Expenses – Resources out
  - Salaries
  - Student Aid
  - Non-salary
  - Indirect Expense (IDC's)

STATEMENT OF OPERATION FOR FISCAL YEAR 2019
2019 BUDGET vs. 2018 BUDGET

In thousands of dollars	2017 Actual	2018 Budget	2019 Budget	$ Increase/(Decrease) from 2018 Budget	% Variance to 2018 Budget
REVENUE					
TUITION					
Undergraduate	$ 212,275	$ 217,599	$ 231,618	$ 14,019	6.4%
Summer	16,574	17,816	18,502	686	3.9%
Professional	154,253	160,776	163,232	2,456	1.5%
Graduate	56,692	65,460	65,723	263	0.4%
Fees	3,434	3,811	3,471	(340)	-8.9%
TOTAL TUITION	443,228	465,462	482,546	17,084	3.7%
ENDOWMENT					
Restricted Endowment	49,949	53,395	54,405	1,010	1.9%
Unrestricted Endowment	34,871	35,413	35,880	467	1.3%
TOTAL ENDOWMENT	84,820	88,808	90,285	1,477	1.7%
OTHER REVENUE					
Research & Training	314,988	305,375	324,663	19,288	6.3%
Restricted Gifts	48,209	40,684	41,214	530	1.3%
Overhead Recovery	74,554	74,340	76,794	2,454	3.3%
Unrestricted Gifts	3,623	4,616	5,878	1,262	27.3%
State Support	2,734	1,900	2,318	418	22.0%
Organized Activities	11,308	11,932	11,627	(305)	-2.6%
Other Income	51,823	46,699	46,498	(201)	-0.4%
Auxiliaries	72,001	71,494	73,297	1,803	2.5%
TOTAL OTHER REVENUE	579,240	557,040	582,289	25,249	4.5%
TOTAL REVENUE	$ 1,107,288	$ 1,111,310	$ 1,155,120	$ 43,810	3.9%
EXPENSE					
DIRECT EXPENSE					
Faculty Salaries	$ 153,912	$ 157,235	$ 160,571	$ 3,336	2.1%
Other Salaries	101,293	101,307	103,986	2,679	2.6%
TOTAL SALARIES	255,205	258,542	264,557	6,015	2.3%
Fringe	73,426	79,422	85,175	5,753	7.2%
Student Salaries	30,844	30,777	31,981	1,204	3.9%
Student Aid	184,112	184,230	196,834	12,604	6.8%
Non-salary	297,811	292,530	305,385	12,855	4.4%
TOTAL DIRECT EXPENSE	841,398	845,501	883,932	38,431	4.5%
Restricted Direct Expense	413,146	399,454	420,282	20,828	5.2%
Unrestricted Direct Expense	428,252	446,047	463,650	17,603	3.9%
INDIRECT EXPENSE					
Library	15,433	16,151	16,331	180	1.1%
Student Services	27,297	27,929	30,587	2,658	9.5%
Plant	63,556	63,909	65,951	2,042	3.2%
Information Services	28,830	30,347	30,920	573	1.9%
University Services	67,689	63,476	66,978	3,502	5.5%
TOTAL INDIRECT EXPENSE	202,805	201,812	210,767	8,955	4.4%
Auxiliaries	61,219	61,741	61,328	(413)	-0.7%
TOTAL EXPENSE	$ 1,105,422	$ 1,109,054	$ 1,156,027	$ 46,973	4.2%
OPERATING MARGIN	$ 1,866	$ 2,256	$ (907)	$ (3,163)	-140.2%
Undergraduate Tuition Subvention	-	-	-	-	
Use of Retained Surplus/Encumbered Funds	5,186	-	5,646	5,646	
SURPLUS/(DEFICIT)	$ 7,052	$ 2,256	$ 4,739	$ 2,483	

Operating Statement – Revenue

In thousands of dollars		2017 Actual		2018 Budget		2019 Budget		$ Increase/ (Decrease) from 2018 Budget	% Variance to 2018 Budget	
REVENUE										
TUITION										
Undergraduate	$	212,275	$	217,599	$	231,618	$	14,019	6.4%	⎫ Allocated Revenue
Summer		16,574		17,816		18,502		686	3.9%	
Professional		154,253		160,776		163,232		2,456	1.5%	
Graduate		56,692		65,460		65,723		263	0.4%	⎭
Fees		3,434		3,811		3,471		(340)	-8.9%	
TOTAL TUITION		**443,228**		**465,462**		**482,546**		**17,084**	**3.7%**	
ENDOWMENT										
Restricted Endowment		49,949		53,395		54,405		1,010	1.9%	
Unrestricted Endowment		34,871		35,413		35,880		467	1.3%	
TOTAL ENDOWMENT		**84,820**		**88,808**		**90,285**		**1,477**	**1.7%**	
OTHER REVENUE										Direct Revenue
Research & Training		314,988		305,375		324,663		19,288	6.3%	
Restricted Gifts		48,209		40,684		41,214		530	1.3%	
Overhead Recovery		74,554		74,340		76,794		2,454	3.3%	
Unrestricted Gifts		3,623		4,616		5,878		1,262	27.3%	
State Support		2,734		1,900		2,318		418	22.0%	
Organized Activities		11,308		11,932		11,627		(305)	-2.6%	
Other Income		51,823		46,699		46,498		(201)	-0.4%	
Auxiliaries		72,001		71,494		73,297		1,803	2.5%	
TOTAL OTHER REVENUE		**579,240**		**557,040**		**582,289**		**25,249**	**4.5%**	
TOTAL REVENUE	**$1,107,288**		**$1,111,310**		**$1,155,120**	$		**43,810**	**3.9%**	

Operating Statement – Revenue Allocations

- Undergraduate Tuition

- Summer Tuition

- Graduate/Professional Tuition

Revenue Allocations – Undergraduate Tuition

- Allocation:
    - 85% - Preceding two years average credit hours and SAGES credit hours
    - 15% - Preceding two years average graduates' degrees/majors awarded*

*Based on UBC recommendations, 15% will be allocated based on graduates' majors as opposed to degrees. This change is being phased in over two years starting in FY 2019.

Revenue Allocations – Summer Tuition

- Summer Tuition includes Undergraduate, Graduate and Professional Tuition

  - Undergraduate Tuition is allocated based on the number of Undergraduate credit hours taken during the summer

  - Graduate and Professional Tuition is <u>directly</u> assigned to the management center a student is registered in
    - School of Graduate Studies credit hours – allocated to the management center that taught the credit hours
    - FY 2019 RCM change – See Graduate & Professional Tuition allocation

Revenue Allocations – Graduate/Professional Tuition

- Most Graduate/Professional Tuition is directly assigned – but exceptions exist
- Students Registered in a Degree Program
  - General Guideline: Tuition revenue is credited to the degree program school
  - Beginning in FY19, tuition revenue sharing will take place
    - Students elect to take courses outside their degree school
    - Net credit hours (+/-) for each school are calculated and multiplied by $750
    - UBC approves exceptions (e.g. MEM Program, unique situations)
- Non-Degree Students
  - General Guideline: Revenue is credited to the school teaching the course
  - PRIME Program (CAS and SOM) has a special arrangement

Operating Statement – Expense

In thousands of dollars	2017 Actual	2018 Budget	2019 Budget	$ Increase/ (Decrease) from 2018 Budget	% Variance to 2018 Budget	
EXPENSE						
DIRECT EXPENSE						
Faculty Salaries	$ 153,912	$ 157,235	$ 160,571	$ 3,336	2.1%	Direct Expense
Other Salaries	101,293	101,307	103,986	2,679	2.6%	
TOTAL SALARIES	**255,205**	**258,542**	**264,557**	**6,015**	**2.3%**	
Fringe	73,426	79,422	85,175	5,753	7.2%	Allocated Exp.
Student Salaries	30,844	30,777	31,981	1,204	3.9%	
Student Aid	184,112	184,230	196,834	12,604	6.8%	Direct Expense
Non-salary	297,811	292,530	305,385	12,855	4.4%	
TOTAL DIRECT EXPENSE	**841,398**	**845,501**	**883,932**	**38,431**	**4.5%**	
Restricted Direct Expense	413,146	399,454	420,282	20,828	5.2%	
Unrestricted Direct Expense	428,252	446,047	463,650	17,603	3.9%	
INDIRECT EXPENSE						
Library	15,433	16,151	16,331	180	1.1%	Allocated IDC
Student Services	27,297	27,929	30,587	2,658	9.5%	
Plant	63,556	63,909	65,951	2,042	3.2%	
Information Services	28,830	30,347	30,920	573	1.9%	
University Services	67,689	63,476	66,978	3,502	5.5%	
TOTAL INDIRECT EXPENSE	**202,805**	**201,812**	**210,767**	**8,955**	**4.4%**	
Auxiliaries	61,219	61,741	61,328	(413)	-0.7%	
TOTAL EXPENSE	**$1,105,422**	**$1,109,054**	**$1,156,027**	**$ 46,973**	**4.2%**	

Operating Statement – Expense Allocations

- Fringe Benefits

- IDC's
  - Library
  - Student Services
  - Plant
  - Information Services
  - University Services

Expense Allocations – Fringe

- University-wide fringe budget prepared by Human Resource Department

- Fringe budget as a percent of budgeted salary equals the "Fringe Rate"
  - Fringe rate is applied to applicable actual salary paid

- FYI – Not all organizations' fringe rates are comparable due to expenses included or excluded from the allocated fringe budget

Expense Allocations – Library

- Includes University, Health Science, Law, and MSASS libraries

- Expense allocated based on student, faculty, and staff head counts

    - University Library – 75% to CAS, CSE, WSOM, and NURS; 25% to other schools

    - Health Science Library – 75% to DENT, NURS, CSOM; 25% to other schools

    - Law Library – 100% to LAW (No allocation of materials portions of other libraries to LAW)

    - MSASS Library – 75% to MSASS; 25% to other schools

Expense Allocations – Student Services

- Expense includes Provost, Student Affairs & Enrollment Management

- Allocation based on student and Faculty/Staff Headcount
    - Most expense is assigned based on student benefit
    - Two year average of Direct Expenses - areas considered overall university purpose

Expense Allocations – Plant

- Expense includes Plant Operations; including Utilities, Campus Services and Police & Security
- 79% of allocation based on direct academic square footage
- Remainder allocated based on following allocation:

Administrative Space	University Service (Two-Year Average Direct Expense)
University Library	Total University Library Allocation
Health Science Library	Total Health Science Library Allocation
Student Services	Student Service Allocation Excluding Physical Education and SAGES Allocation
University Center	Total Headcount
Athletic Space	Total Physical Education Space Allocation
Shared Classroom	Undergraduate FTE Ratio
SAGES	Two-Year Average SAGES Credit Hours Taught
Waste Removal	Fixed Amount

Expense Allocations – Information Services

- Includes expense associated with campus network, central information processing, research and academic computing, the UTech, and ERP office

- Expense allocated in <u>four</u> pools
  - Core Technology – Square footage (including management center share of indirect square footage)
  - Instructional – Two year average of student headcount
  - Administrative- Two year average of direct expense
  - Infrastructure – Faculty, Staff, and Student headcount

Expense Allocations – University Services

- Includes expense associated with other administrative areas; including the Office of the President, Provost, Division of Finance, Administration, Development, University Marketing & Communication, Diversity & Equal Opportunity, Research Administration, Technology Transfer, etc.

- Expense allocated based on two year average of direct expense

- Significant University Services Revenue Offsets include Student Health, Development Support, Technology Transfer Revenue, etc.

Expense Allocations – Recent RCM Allocation Changes

- UBC recommended a change in the Indirect Expense allocation in 2018
- The change is phased in over two years (2019 and 2020)
- Objectives
    - Simplification – Reduce the number of cost drivers
    - Consistency – Keep overall allocation results consistent by management center
    - Improved planning – Better understanding of cost allocation
- Result
    - Reduced number of cost pools from 34 to 7
        - Library allocation remains unchanged
        - Utilities allocation (non-salary portion) remains unchanged
        - All other indirect expense allocated using five existing cost drivers
            - Two year average of direct expense, Base Plant Square footage, Faculty/Staff headcount, Student Headcount, Undergraduate FTE,

Additional Information

Expense Allocations – Library

	University Library		Health Science Library		MSASS Library		Law Library		Total Library Allocation
CAS	$	3,048	$	245	$	42	$	-	$	3,335
CSE		2,048		165		28		-		2,241
WSOM		1,458		118		20		-		1,596
MSASS		208		37		397		-		642
LAW		146		58		8		2,585		2,797
DENT		227		230		8		-		465
NURS		466		269		11		-		746
CSOM		1,426		1,436		44		-		2,906
UGEN		-		-		86		-		86
TOTAL		**9,027**		**2,558**		**644**		**2,585**	$	**14,814**
Unallocated Library Expense (100% to UGEN):									$	**1,517**
TOTAL LIBRARY	$	**9,027**	$	**2,558**	$	**644**	$	**2,585**	$	**16,331**

Expense Allocations – Student Services

	Undergraduate FTE	Student Head Count	Graduate Student Head Count	Graduate/ Professional Head Count	University Services	SAGES	Faculty/ Staff Count	Weighted Average Student Headcount	Total
CAS	$ 7,262	$ 933	$ 282	$ 59	$ 40	$ 178	$ 55	$ 519	$ 9,328
CSE	3,807	608	362	77	43	64	45	321	5,327
WSOM	1,441	455	41	114	25	24	22	211	2,333
MSASS	22	116	18	43	13	-	20	47	279
LAW	10	164	-	62	17	5	12	66	336
DENT	1	119	56	45	15	1	26	48	311
NURS	699	219	29	55	12	18	22	102	1,156
CSOM	377	583	545	206	165	2	239	193	2,310
UGEN	379	41	-	-	-	170	-	24	614
TOTAL	**$ 13,998**	**$3,238**	**$ 1,333**	**$ 661**	**$ 330**	**$ 462**	**$ 441**	**$ 1,531**	**$21,994**
Unallocated Student Services (100% to UGEN)*									8,593
TOTAL STUDENT SERVICES									**$30,587**

Expense Allocations – Plant

	Square Footage	% of Total	Total Direct Plant	Admin. Space	Univ. Library	Health Science Library	Student Services	Univ. Center	Athletic Space	Shared Classroom	SAGES Allocation	Waste Removal (Fixed)	Total Plant Allocation
CAS	591,143	19.4%	$ 8,120	$ 727	$ 721	$ 151	$ 627	$ 360	$ 1,268	$ 313	$ 40	$ 46	$ 12,373
CSE	598,890	19.6%	8,882	769	392	82	364	242	708	172	14	46	11,671
WSOM	186,872	6.1%	2,442	452	289	61	157	172	331	66	5	-	3,975
MSASS	60,066	2.0%	829	231	46	22	18	55	47	1	-	-	1,249
LAW	122,013	4.0%	1,549	311	28	13	22	65	53	-	1	-	2,042
DENT	154,952	5.1%	2,939	269	51	127	20	60	50	-	-	-	3,516
NURS	81,998	2.7%	1,564	216	106	147	77	91	167	28	4	-	2,400
CSOM	1,257,158	41.2%	25,453	2,968	303	754	152	376	369	17	-	373	30,765
UGEN	-	0.0%	-	-	-	-	30	15	62	16	39	(465)	(303)
TOTAL	3,053,092	100.0%	$ 51,778	$ 5,943	$ 1,936	$ 1,357	$ 1,467	$ 1,436	$ 3,055	$ 613	$ 103	$ -	$ 67,688
Unallocated Plant (100% to UGEN)*													(1,737)
TOTAL PLANT													$ 65,951

Expense Allocations – Information Services

	Core Technology	Instructional	Administrative	Infrastructure	Information Services
CAS	$ 523	$ 896	$ 464	$ 5,177	$ 7,060
CSE	502	588	492	3,505	5,087
WSOM	182	386	289	2,212	3,069
MSASS	61	100	148	735	1,044
LAW	105	157	199	937	1,398
DENT	130	371	172	873	1,546
NURS	84	318	138	1,094	1,634
CSOM	1,085	570	1,897	5,767	9,319
UGEN	2	39	-	204	245
TOTAL	**$ 2,674**	**$ 3,425**	**$ 3,799**	**$ 20,504**	**$ 30,402**
Unallocated Expense (100% to UGEN):					518
TOTAL INFORMATION TECHNOLOGY SERVICES					**$ 30,920**

Expense Allocations – University Services

| | Direct Expense (adjusted) | | | % of | University |
	2016	2017	Average 2015-2016	Total	Services
CAS	$ 72,599	$ 72,357	$ 72,478	12.2%	$ 5,917
CSE	73,274	80,211	76,743	12.9%	6,366
WSOM	44,045	46,164	45,105	7.6%	3,826
MSASS	22,152	24,004	23,078	3.9%	1,921
LAW	29,568	32,517	31,043	5.2%	2,612
DENT	27,172	26,560	26,866	4.5%	2,185
NURS	20,902	22,101	21,502	3.6%	1,816
CSOM	294,978	297,144	296,061	49.9%	24,081
UGEN	-	-	-	0.0%	-
TOTAL	$ 584,690	$ 601,058	$ 592,874	100.0%	$ 48,724
Unallocated University Services (100% to UGEN)*					18,254
TOTAL UNIVERSITY SERVICES				$	66,978

PBM Options

Department of Human Resources
January 29, 2019

CASE WESTERN RESERVE
UNIVERSITY — EST. 1826
think beyond the possible™

PBM Transition

- Problems
- First Steps
- Next Steps
- January 2019

Moving to DS: We reduced the rate of health care cost increases

- The university's primary insurance programs will climb between 7 and 9 percent in calendar year 2019.
  Monthly EE premium increases: $7-$12 single coverage, $36-$67 family coverage

- Without the change to DS, it would have risen 13 to 17 percent.
  Monthly EE premium increases: $12-$22 single coverage, $66-$126 family coverage

Moving to DS: We reduced the rate of health care cost increases

- Anthem HDHP 0%

- Anthem PPO 7%

- Medical Mutual PPO 9%

CASE WESTERN RESERVE
UNIVERSITY — EST. 1826
think beyond the possible

Options

1. Maintain existing model

2. Keep existing model but provide option to pick up maintenance medications at a CVS pharmacy

3. Replace Direct Scripts with another mail-order option and provide option to pick up maintenance medications at a CVS pharmacy

Option 1: Maintain Existing Model

- **Mail Order:** remains exclusive w/ Direct Scripts

- **90-Day Retail:** not available

- **Retail Pharmacy:** available for acute prescription needs

Option 1: Member Impact

- **Mail Order: No Changes**

- **90-Day Retail:** not available

- **Retail Pharmacy:** available for acute prescription needs

Option 2: Keep existing model but provide option to pick up maintenance medications at CVS pharmacy

- Mail Order: remains exclusive w/ Direct Scripts

- 90-Day Retail: obtain maintenance medications at CVS pharmacies

- <u>But</u>, participants choosing 90-day retail will pay more.
  3x copays for 3 month supply
  If offer a second Rx plan, premiums for that option would be ~2% higher.*
  * assumes one-third of maintenance utilizers opt into the new plan

CASE WESTERN RESERVE
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think beyond the possible

Option 2: Member Impact

- Annual copayment increase per Rx for 90-day Retail fills:
  - Generic +$60
  - Preferred Brand +$120 under $50K
    +$160 above $50K
  - Non-Preferred Brand +$240 under $50K
    +$300 above $50K

Option 3: Replace Direct Scripts with another mail-order option and provide option to pick up maintenance medications at CVS pharmacy

- Mail Order: change to MedImpact Direct

  (MedImpact Direct contracts with a few different mail order pharmacies for fulfillment)

- 90-Day Retail: obtain maintenance medications at CVS pharmacies

- Participants choosing 90-day retail pay more

  3x copays for 3 month supply

Option 3: Member Impact

- Reenroll
- Scripts need to be transferred over new mail order
- Most members will not see a cost increase, unless filling maintenance Rx at retail
- Delivery method with Drs. must be changed again
- Transition will take 90-120 days

CASE WESTERN RESERVE
UNIVERSITY — EST. 1826
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Why Remain with Existing Model?

- While there is no debating that the transfer to DS was very disruptive to faculty, staff and retirees, we believe that **DS has taken significant measures to improve service**.

- The move to DS allowed us to **reduce the rate at which health care costs are rising** for both our faculty and staff and for the university.

- We worry that **another change will yield few benefits** (another transition) and will cause additional disruption and time wasted for faculty and staff.

Direct Scripts made Significant Changes

- Improved member escalation processes
    - Assigned head pharmacist for issue resolution
    - Aligned workflow to improve response times and resolve issues within 24 hours

- Outreach to dissatisfied members

- Commenced web portal enhancement project with external consultants

Direct Scripts future plans include

- Adding to the 90 days for $9.95 drug list – especially meds highly utilized by CWRU

- Roll out of enhanced member portal

Questions