

## REPORT FROM THE FACULTY WELFARE COMMITTEE

It was recently revealed that the State Health Plan had incurred a deficit of about \$3,000,000 by December 31, 1988, and that this deficit is expected to grow to about \$40,000,000 during 1989.

State leaders reacted to the news of a deficit by calling for higher premiums and lower benefits in order to bring the Plan - currently being financed with premiums paid by state employees and augmented by the state government - into balance again.

Although it may indeed be necessary to adjust premiums and benefits in order to keep the Plan in good health, it appears to the Faculty Welfare Committee that the proposed cure is based on an erroneous diagnosis of the disease. The major cause of the deficit is not inadequate premiums and generous benefits, but the withdrawal from the Plan of millions of dollars over the years by the Legislature.

Between 1982 and 1988 the Legislature withdrew at least \$33,000,000, including \$27,000,000 in fiscal year 1984-85. In effect, the Legislature has taken back its contribution to the Plan and now proposes to restore the missing amounts by levying higher premiums on the employees and cutting the benefits to which employees heretofore were entitled.

In order to forestall the prescription of the wrong remedy by the Budget and Control Board and the Legislature, the Faculty Welfare Committee suggests to all faculty members that they express to their individual district representatives their concern in this matter.

In addition, the Faculty Welfare Committee recommends to the Faculty Senate the adoption of the following resolution:

WHEREAS the State Health Plan has incurred a deficit of growing proportions, possibly amounting to \$40,000,000 by the end of 1989, and

WHEREAS the Legislature contributed to this deficit by the recent withdrawal of more than \$33,000,000, and

WHEREAS a moderate adjustment of premiums and benefits may ultimately be necessary,

THEREFORE, BE IT RESOLVED that before any premiums are increased or any benefits decreased, the Legislature restore to the State Health Plan the monies it has withdrawn from it over the years plus accrued interest.

If passed, the Welfare Committee proposes that the Faculty Senate Office send copies of this resolution to the Governor, the Budget and Control Board, the Commission on Higher Education, and all members of the Legislature.

March 1, 1989

The Faculty Welfare Committee:

Peter W. Becker (History), Chair  
Donald L. Curlovic (University Campuses)  
James G. Fraser (Criminal Justice)  
Scott R. Goode (Chemistry)  
Trevor Howard-Hill (English)  
Caroline D. Strobel (Business Administration)  
Charles W. Tucker (Sociology)