Minutes of a meeting of the Council of the Princeton University Community held November 14, 2011 in 101 Friend Center. Present were Council members Ms. Alivisatos, Ms. Alversa, Ms. Berthier, Prof. Bhatt, Ms. Cherrey, Ms. Dagci, Prof. Dancygier, Prof. Dolven, Ms. Doyle, Mr. Durkee, Provost Eisgruber, Ms. Ettman, Mr. Henneberg, Mr. Immordino, Prof. Kang, Mr. Keller, Ms. Kim, Mr. Kusserow, Mr. Lindsay, Prof. Lyon, Mr. McDonough, Ms. Mellby, Dr. Morel Kraepied, Mr. Mulcahy, Prof. Oppenheimer, Mr. Pretko, Ms. Ridgeway, Mr. Smith, Dean Smith, President Tilghman (chair), Mr. Wangensteen, Mr. Yaroshefsky; Ms. Halliday was secretary.

The President called the meeting to order at 4:35 p.m. She asked for and received approval of the minutes of the September 26 Council meeting which had been distributed in advance. The President congratulated the Undergraduate Student Government on the success of The Black and Orange Ball, an event for all undergraduates at Dillon Gym. The idea, which originated with students, enhanced the opportunities to bring together all four classes, one of the goals of last year’s Working Group on Campus Social and Residential Life.

There were no questions.

**Update on the Arts and Transit Neighborhood**

The President invited Vice President and Secretary Robert Durkee to update the Council regarding discussions with local municipalities about University plans to develop the area around McCarter Theatre and the Dinky station for the arts. Mr. Durkee underscored that in the past five years of discussions with the Borough and Township the University’s goals have been to improve that area for all and to safeguard the Dinky’s existence. Necessary zoning to carry out the University’s plans requires approval from the planning board and the Borough and the Township. (Mr. Durkee noted in passing that at the November elections, members of the two municipalities voted to merge the Borough and Township but that step will not take effect until January 2013.) Recently a memorandum of understanding had been drawn up with input from the Borough and Township describing commitments that the University would make to the municipalities if zoning is approved. He described the complicated series of approvals necessary for the project to go forward: the planning board must act; the Borough and the Township both must independently accept the ordinances approved by the planning board; changes at any one point along the way can result in repeating the cycle of approvals. The Township committee would meet that evening to review the ordinances and the Borough Council will meet December 6. At the moment Mr. Durkee was hopeful that the necessary approvals would go forward. [Both the Township and the Borough voted approval.]

**Report from the Priorities Committee**

The Provost reported for the Priorities Committee, a standing committee of the CPUC which is charged with making recommendations to the University Board of Trustees concerning the operating budget. He mentioned an open meeting of the committee that evening to which members of the University community are invited. The committee’s recommendations always include fee
packages for undergraduate and graduate students and salary pools, and in some years, the committee also has a pool of discretionary funding with which to meet campus needs. The work of the committee together with requests from campus offices for additional funding is updated on the committee’s website: [http://www.princeton.edu/provost/priorities-committee/pricomm-2011-2012/](http://www.princeton.edu/provost/priorities-committee/pricomm-2011-2012/).

To provide longer-term context for this year’s work of the committee, the Provost noted that University departments had succeeded in meeting the two-year budget adjustment plan in response to the recession. Furthermore, the endowment’s performance has bounced back from the economic downturn better and faster than projected. Since Princeton’s endowment income is used to pay for about one half of the operating budget, PRINCO’s performance is of particular importance to the Priorities Committee’s work. He warned that spending vigilance is still required. For example, reserves were used to meet budget pressures during the economic decline and must be replenished. And costs, notably the cost of health care for employees, continue to grow. In light of positive economic news, the Trustees had indicated that the committee could consider as much as $500,000 in discretionary funding to help meet requests for programmatic additions to the budget for FY13. The committee has received $1 million in requests from University departments for new funding, so difficult choices will have to be made. In response to a question the Provost explained that throughout the fall the committee receives and reviews requests from large University units like the vice president for campus life and referred to the committee’s website where these are posted. The committee will deliberate through November and draft formal recommendations in December. He also responded to a question about the committee’s composition noting that the committee, like the Council’s itself since its formation in 1970, is weighted toward faculty and student members with fewer staff or alumni members.

**Employee Health Care Costs**

The President introduced the next topic by referring to the Provost’s mention of health care as one cost that continues to rise. She introduced Vice President for Human Resources Lianne Sullivan-Crowley to discuss strategies under consideration that would continue to provide excellent health care but contain costs.

Ms. Sullivan-Crowley pointed out that the continued escalation of medical costs will in the future impact the University’s ability to support wage increases. Medical and prescription costs since 2002 have increased by 9.4%/year. A consultant, Towers Watson, is helping the University identify ways to impact medical trends with minimal impact on employees; to maintain the competitive position of the benefit plans; and to identify appropriate savings. She described areas under review including efforts to influence health conditions by managing conditions or increasing screening programs; to contain prices by using private networks or influencing health plan choices; to influence utilization of services by educating employees about making the best health care decisions and finding value-based care. As examples the vice president mentioned salary-based health insurance contributions that would increase contributions of the top 10% of salary employees to help keep costs low for the bottom 10% of salary employees. The University is looking at the type of options offered, to determine, for example, whether the POS and PPO point of service plans are still distinct in meaningful ways; and at adding a new high-deductible plan. Strategies to help employees make educated choices about their health care include the concept of a medical “concierge” who would help employees navigate health care systems and make the best medical care choices. She noted the wide range of costs for the same procedure offered in the same
geographic area around Princeton. Engaging employees about these differences in services can help. The steps under review would have initial costs in the range of $300,000 annually but would save $1 million or more annually.

Other benefits under review include life insurance costs for which could produce savings if Princeton’s benefit plan were more in line with those of peer institutions, and increasing the charge to retired employees for health care from a 25% contribution to a 30% contribution.

During the discussion that followed the presentation, the vice president clarified that the University is self-insured so the costs associated with medical insurance are borne by the University. She also gave more detail about the idea of a medical “concierge,” who would serve as an additional resource to an employee’s own primary care doctor or specialist to help the employees make the best choices.

The meeting was adjourned at 5:45 p.m.

Respectfully submitted,

Ann Halliday
Secretary