

Retirement and Fringe Benefits Committee Meeting Minutes

1:30 p.m., Tuesday, October 11, 2005

PIO 313

Present: Greg Bell, Peter Shull, Robert Emerson, John Sauer, Sheila Harp, Robert Terry, Sr., and Armando Cruz-Rodz.

Approval of minutes for 9/13/05

Chair asked if everyone has read the minutes, and are there any changes. The minutes are approved by unanimous vote.

Old business

a. *Consideration of dependent tuition benefit plan*

The committee would like to provide a 75% tuition waiver for employees and a 50% tuition waiver for spouses and children. Fees would be waived for employees only, not the spouse or children. The University did a survey on approximately how many dependents are attending OSU at the time, but all they could do is try to match names of faculty and staff with names of students who lived in Payne county. The study came up with some figures about how much this policy would cost the university, but Bell isn't sure how accurate the estimates are. Bell stated that what the committee needs to do is come up with reasons this policy would be beneficial to the university. It seems that it doesn't make a lot of difference how much money the university gets based on enrollment. The legislature determines how much money the university gets. OSU put in a proposal not long ago that was accepted, but OSU was told they would have to give the same amount to OU. That is one issue that cannot be raised, but we could raise the issue of loyalty to OSU or moral. Bell doesn't know how to put that in dollars and cents, and asked if anyone has ideas. Cruz-Rodz thinks that employees would have more reason to stay with OSU if this benefit was available. He mentions that the University of Puerto Rico has low salaries, but the tuition for dependents is free, so that keeps employees there. Sauer stated it is difficult to recruit good technicians for a lab, and this could be a good recruitment tool. Bell also had a thought about faculty who are presently working here, and faculty and benefits are not very good compared to other universities. If an assistant professor has a college aged child, they might leave the university just to get an education benefit for his/her child. Bell thinks that good benefits are important for staff since they aren't paid very well. Cruz-Rodz said that at OSU-OKC there is a high turnover rate, maybe the turnover rate wouldn't be as dramatic if this benefit was offered. Emerson asked if that would be true in Stillwater. Cruz-Rodz isn't sure because he isn't familiar with the Stillwater campus turnover rate. Harp asked what some of the concerns might be as far as the cons the administration may see. Bell responded that the administration is just looking at it in dollars and cents, and they see it as money the university will lose since it will cost them 50% of the tuition. Harp asked if there are other big 12 institutions that do this. Bell isn't sure and said maybe that's something that should be investigated. Harp asked about a delayed benefit, such as the benefit not kicking in for 5 years. Shull said this benefit may not be offered indefinitely and that if the committee passed this it could be taken away later. Cruz-Rodz stated that this benefit doesn't guarantee that all children of OSU faculty and staff will come here. Some will

not go to college at all, and some will want to go to other universities. Bell said that at Ohio state education was free to dependents. Harp said that maybe the flex benefits committee does have information on other institutions, and maybe we could check with them. Terry said recommendations 2 and 3 would have the greatest impact. The big cost of one would be the cost of OSU fees, and wonders if certain fees can be waived. Some fees are imposed by state regents and other entities, and he's not sure if we have full latitude to make a decision about those fees. There may still be some fees that OSU could not have the authority to waive. Terry said there are alternative approaches to this, and if this is too costly there are ways to re-arrange the way waivers are distributed. In terms of a cost benefit perspective, before a decision is made someone should look at it to see if it will attract more student credit hours. OSU is funded based on student credit hours, not headcount. There might be more high school students who would concurrently enroll if this benefit was offered. Terry wants to make sure there is more than one recommendation for the administration to consider. Bell said that we could take a look at the education incentive recommendation to see if we can make it more acceptable to administration. Terry said for example, leave the employee rate at 50% instead of 75%, but offer 50% waiver of fees. Emerson asked even if there are a large amount of people using the employee tuition waiver. Terry said that he has seen faculty come in with Masters degrees and finish PhDs using the waiver. Sauer said this is a very important benefit to employees, and he's had several employees in his lab who pursued graduate degrees while working for him. Harp wonders why it is specified as undergraduate for spouse and child, and if it is limited to a certain number of hours why would it need to be limited to undergraduates. Emerson said that his guess is that the actual number of people that would use this would be a lot less than what you would think. He knows many faculty are sending their children elsewhere to college. Terry said that perhaps this would draw some of those students to come to OSU. Bell had numbers – 41 students who are dependents of faculty or staff, and it would cost the university \$51,506.25 in lost tuition if those 41 students who are currently attending became eligible for a 50% tuition break. If 10% got scholarships it would cost the university over \$100,000 over a 4 year period. Sauer said there might be increased credit hours if this benefit was offered, so that could offset some of the cost. Only the cost of those 41 students is figured into the available numbers, they do not consider additional funds from the legislature or in additional tuition from attracting more students. Bell stated that he gets the feeling that the committee thinks this would be something to pursue. Terry said he would like to pursue it but wants to have alternative approaches so that if they say no to one approach, there will be an alternative plan to offer. Harp asked if this has been recommended to administration before. Bell responded that he doesn't think so, but he wouldn't know about past recommendations. Sauer said he thinks the justification could be helped by considering that total credit hours would increase because of drawing additional students, and that some of the loss of tuition would be offset by additional enrollment. Bell said that we need to develop something that we feel comfortable with and see if the flexible benefits committee feels comfortable with it. Emerson feels that if it is worded right, and fits into the strategic plan, plus the good press it would create, that the administration would be receptive. Bell will re-arrange the incentive recommendation and send it out to ask for revisions.

New business

a. *Discussion of big 12 Health Care Survey*

Bell asked if everyone received the health survey. About 300 OSU employees waive insurance, but it may be because their spouses have benefits provided through their employers. Those who opt out get 50% of the Healthchoice high premium as pay. The state plan gives an employee a dollar amount that covers their spouse and dependents, so it is not considered a part of their pay. They get enough to insure their family with no out of pocket money to the employee. There are only about 1400 of the over 5000 eligible OSU employees that take advantage of dependent insurance. It is hard for staff who don't make very high salaries to pay the \$450 to cover spouse and an additional \$250 to cover children. Some people take advantage of the employee dependent program, but according to OSEEGIB the only employees who pay for dependent insurance do so because they need it due to chronic health problems. According to OSEEGIB this is why the costs are so high. Of all the universities listed on the survey, OSU premiums are just about in the middle, so our insurance is not particularly high compared to other universities. The cost of healthcare premium paid by employee is low for employees only, but rises as dependents are added. We save \$79 compared to the average Big 12 institution on our own insurance. Once dependent coverage is added, OSU doesn't do as well. Sauer said it would be interesting to know what total cost would be for those who go out and get their own insurance from a private agent. Bell stated that it would be hard to find insurance that would be affordable. Harp said it doesn't say how many employees do not have dependents. Bell responded that it is not broken down that far. Harp thinks it makes a difference how it breaks down as far as finding what the need is. Bell stated that a survey is being developed to ask those types of questions. Bell said we need answers to those questions before we go out for a new RFP. Terry stated that data from the survey will be necessary to submit a proposal for a new RFP. Bell thinks it is safe to assume those who opt out of insurance have insurance from a different provider. Harp said that she assumed that if the administration agrees to lower dependent coverage costs, then the employees will have to pay part of their own premium. OU and OSU are at the bottom of the list as far as how much they pay for as far as insurance for employee, spouse and children. Terry asked if the survey takes into account comparable co-pays and deductibles. Bell responded that we did not get that information. Terry asked if the other universities are paying for comparable coverage, or are they getting higher deductible and higher co-pay insurance. Bell responded that our university pays the lowest amount, so if they aren't comparable then our insurance is probably worse than the other Big 12 schools. Sauer said that what Terry is getting at is that the other university employees may have higher out of pocket expense, but they may not, and he would like to know if that is the case. Terry was involved last year with selecting the plan for elective catastrophic coverage, and he said it is mind boggling to compare the plans and what they cover because there are so many variables to look at. Bell asked if we want to put more pressure on the university to pay more of our healthcare benefits, or focus on getting the best health plan. If we want to pressure the university to cover more health care, we would probably have to give something up in return, perhaps defer our next raise. Shull asked about having a national or Big-12 system that would flatten out rates and what can OSU do? Shull asked since health cost per employee is not linked to the salary of the employee, could you shrink number of employees but pay people more,

then you could get more done per employee because insurance costs go down if there are fewer employees. Terry responded that if you have fewer people, you are less attractive to providers and costs could go up. Harp wants to know if it will take more money to get what we need. Bell thinks we need to decide whether or not we're happy with what we have. When Bell gets back next week he will put together some information and get it out for everyone to review and send feedback so that the flexible benefits committee can approve it and get it to faculty council. Bell won't be at the November meeting and he asked if someone wants to act as chair while he's gone. Terry asked about a different date for the meeting, but Bell said his schedule is hard to fit one in that time of year. Shull suggests circulating the info by email instead of a November meeting. Everyone agrees that would work.

a. *Discussion of Health Savings Accounts*

Sauer wants to know if retirees can be part of a Health Savings Accounts. Bell responded that is something to look at, and that a lot of retirees are opening Health Savings Accounts because they are less expensive than health insurance. Health Savings plans roll over each year, and gain about 4% interest each year, so for a healthy person this could add up, but if you have health problems it might not be enough. Sauer asked if a retiree would be eligible to pay into a Health Savings Account through OSU. Bell is not sure.