University Benefits Advisory Council
August 10, 2010 Meeting Minutes

Attended: Claire Burlingham, Jan Carney, Kelly Circe, Deane Dudley, Jackie Gribbons, Michael Gurdon, Jean Held, Larry Kost, Beth Mintz, Tim Murad, Claude Nichols, David Shiman, William Sioss, Carmyn Stanko, Deb Stern

Non-voting: Richard Cate, Barbara Johnson,

Unable to attend: Gary Mawe, Elizabeth Haggart, Dustin Evatt, Clarence Davis

Attending from Hewitt Associates: Steve Mendelsohn, Robert Kennedy

During the agenda review by Council Chair Jan Carney, the group was introduced to the Hewitt consultants, who have been invited back to clarify and add to information that was presented on 7-16-10.

Council members and public participants were reminded that all materials will be posted on the web site and the SharePoint site:

Barbara Johnson reviewed the list of Peer and Aspirant Institutions for which comparator data are being gathered, including 8 out of 13 Public Peer institutions, 5 out of 7 Public Aspirants, and 7 out of 14 Private Competitors.

Compensation Trends (4 pages): Copies of charts illustrating UVM’s market position for faculty and staff salaries were reviewed.

Hewitt Presentation:

Reviewed Guiding Principles and will go back to them to make sure the information is responsive to key points.

Information being used for market comparisons is from UVM data and other universities that Hewitt has experience with.

Illustrations of strategies to address the cost of retiree medical insurance reflect the impact on four groups of employees: current retirees, active employees already eligible to retire, active employees with 5-15 years of service and employees with 0-5 years of service. The greatest impact of the benefit change will be experienced by the newest employees. Age at hire, for purposes of the illustration is between 20-30 years of age.

The consultants discussed changing from a Define Benefit approach (current UVM plan), which guarantees a future benefit level to a Defined Cost approach, which would allow UVM to establish their future commitment at a specific level. This approach does not guarantee cost-sharing of the benefit “for life”.

Equal Opportunity / Affirmative Action Employer
Illustrations with case examples were reviewed in order to demonstrate the effect of changing eligibility and premium cost-sharing, two strategies that could have a moderate to high impact on the overall cost of the benefit.

In **Approach 1** (p. 17), there is no change in the benefit for current retirees or for active employees already eligible to retire. Employees ineligible to retire, with 5 or more years of service would share the premium cost at a rate based on their years of service; the closer an employee is to retirement eligibility, the smaller the increased cost share would be. Employees with fewer than 5 years of service and new hires would be given access to the group program, with no cost sharing of the premium.

In **Approach 2**, there is no change in the benefit for current retirees or for active employees already eligible to retire. Employees ineligible to retire, with 5 or more years of service would be given an “account” at retirement based on their years of service, retaining their normal cost share amount. Employees with fewer than 5 years of service and new hires would be given access to the group program, with no cost sharing of the premium.

Professor Gurdon commented that the enormity of this task cannot be completed in so few meetings, and he requested more time.

Professor Carney acknowledged the complexity of the issues under consideration, pointing out that significant progress is being made by having general conversations in the UVAC meetings and working on the details in the working group sessions. She may schedule additional meetings as the deadline for the Final Report approaches.

Richard Cate presented aspects of a 10-year budget plan prepared for University Trustees, including projected revenue details, as requested at the previous meeting. Since the primary revenue source for UVM is undergraduate tuition, Mr. Cate presented several projections, based on gradually increasing tuition. None of the projected revenue figures would offset the cost of retiree medical insurance at the current level. Since the State appropriation is not dependable, in the face of the current 120 million dollar deficit, the administration has no recourse other than reducing expenses.

Carmyn Stanko asked about the possibility of developing strategies to limit escalating medical costs because UVM is a major employer in the state.

Robert Kennedy (Hewitt) observed that insurers, such as Blue Cross and Blue Shield, work directly with physicians and hospitals to try to manage costs. There is a low probability that UVM would have an impact on providers reducing or holding costs level.

**Public Comment:**

- In the past, total compensation was a large part of UVM’s hiring strategy. Our ability to attract and retain (research faculty) at UVM is dependent on the total compensation that we offer.
- Is tuition remission a benefit that is “on the table”? [Richard Cate: tuition remission is not under active review at this time.]
- Length of service matters, not just age. Please continue that consideration.

Next Meeting, HIWG: Aug 12 from 9:30 to 11, Livak & UBAC: Aug 24, 10 to 12 in Livak