From: Tom Sullivan

To: University of Vermont Faculty and Staff

Re: Same Sex Health Care Stipend

Both the State of Vermont and the University of Vermont have been leaders in addressing the rights of Lesbian, Gay, Bisexual, and Transgender citizens. I have announced earlier an initiative that signals further progress in UVM’s support of increased equity for members of the LGBT community. More information is now available on this issue.

The President’s Commission for Lesbian, Gay, Bisexual, and Transgender Equity has been a remarkable resource for identifying ways that UVM can address important issues. A recommendation advanced by the Commission identified an adverse impact to people in same sex marriage or civil unions related to health and dental care benefits and federal income tax regulations. Under Vermont law, employees may elect coverage for a same sex spouse or civil union partner and their dependents under the health care coverage (medical and dental) offered by their employer. By law, the cost of this coverage is not added to their Vermont taxable gross income and is therefore exempt from Vermont state income tax. However, gross income for purposes of federal income tax or Social Security and Medicare tax must include the cost of this coverage because the federal government does not recognize same-sex unions or same sex marriage.

As a result, under the federal tax code, when an individual elects health care coverage for someone who is not their federal tax dependent – including a same sex spouse or civil union partner -- UVM is required to report the “fair market value” of the benefit as taxable income to the employee creating an inequitable situation that we will address.

To help defray the cost of the increased federal tax liability resulting from electing UVM health and dental insurance for a same sex spouse or civil union partner that does not qualify dependent under federal tax law, the University will now offer a Health Care Stipend. The Health Care Stipend Program will provide $1,000 per calendar year to eligible faculty and staff member who enroll a non-tax dependent same sex spouse or civil union partner in UVM's medical and/or dental plans. Information about signing up for the Health Care Stipend Program is available at Stipend or by contacting hrsinfo@uvm.edu.

I want to express my appreciation to the President’s Commission for Lesbian, Gay, Bisexual, and Transgender Equity for their support and advice on this issue.