

Faculty Benefits Committee Annual Report for 2002 – 2003

Major Issues

Major issues addressed during the year included: a review of benefits provided by Georgia Tech compared to other universities; the provision of benefits for domestic partners; and restructuring the voluntary life insurance provided. Additional issues addressed included: medical health plans and compensation.

Review of benefits provided by Georgia Tech compared to other universities

The review is attached. The study compared Georgia Tech's benefit levels to averages of 392 public and private universities from across the United States. In general, the study suggests that while health benefits are a growing concern, Georgia Tech provides benefits at or above the level of most colleges, that dental and vision plans are relatively weak, and that retirement plan options and time-off provisions are somewhat better than university averages. Parking costs are higher than the average, but these figures include many rural campuses. Parking costs for many campuses (presumably urban) are considerably higher.

Two areas of most concern include sabbatical leaves and domestic partners. Concerning leaves, out of 392 universities reporting in the survey, 250 provided information on whether they provided for sabbatical leaves. Of these, all provided for sabbatical leave. Concerning domestic partners, less than a third of universities provide any benefits to domestic partners. Georgia Tech extends benefits to domestic partners if those benefits are fully paid for by the employee, with no employer contribution.

Provision of benefits for domestic partners

Georgia Tech's OHR extended benefits to domestic partners if Georgia Tech has the authority to set eligibility and the vendors agree to the change. These benefits include:

- CompBenefits (which recently bought OHS and provides the OHS and the CompBenefits PPO dental plans)
- Insurance: Cinga (accidental death and dismemberment), MetLife (term insurance)
- Georgia Tech access (BuzzCard, Campus Recreation Center, Library, and check cashing, with OHR currently working out the administrative details)

None of these benefits require Georgia Tech or Board of Regents contributions. The full cost of these benefits are paid for by the employee. For domestic partners, these benefits must be paid for with post-tax deductions.

Restructuring the voluntary life insurance provided

The voluntary life insurance plan, traditionally provided by ReliaStar, has been shifted to MetLife. The plan provides for voluntary life insurance coverage of both employees (up to three times earnings) and spouses (up to \$100,000) at rates comparable to the BOR plan (which does not allow for significant coverage of spouses). In addition,

the insurance plan is portable for employees who leave Georgia Tech. The new plan was rolled out successfully in April.

Medical health plans.

Costs are increasing at 12% per year. This is not sustainable. The four year cumulative increase for health care paid by large corporations has been 68%. Savings associated with HMOs are no longer as significant as they were when they were first introduced in the 1980s and 90s. Employers now believe that PPOs are more effective at cost containment. On average, corporations with over 700 employees pay 77% of the insurance costs for single employees but only 67 to 69% of costs for families. The Regents pay 75% for all employees.

Health care increases for this past year were more modest than expected, and lower than the general market (which rose 15-20%). BlueChoice went down in price, while the BlueCross Indemnity plan went up 15%. The indemnity program also instituted a nation-wide network. This is expected to save the program 10 to 15%, but now if an employee is out of state, the employee needs to find a network doctor or the employee could be balance-billed (which is usually 10 to 15% above the covered costs). Employees traveling in other countries can still see any doctor.

The primary causes of cost increases are prescription drugs and increased utilization of health care, primarily associated with an aging population and the increased long-term management of diseases such as cancer and AIDS. One of the most prominent new cost cutting features used by the insurers was to create a closed formulary system to control pharmaceutical costs.

Compensation for Classified Employees.

For Classified Employees (this excludes Faculty) and compared to survey medians, Tech lost ground in all job groups except one. It now stands between 3.1% and 8.6% below national or local markets (depending on job classification) in all groups except Professional Academic, which is 24.5% above the national median. The biggest decrease was in Professional Administrative, which dropped from +6.0% last year to -3.7% this year.

Georgia Tech Benefit Levels Compared to Other Universities

Prepared by the Faculty Benefits Committee, September, 2003

The table below compares benefits at Georgia Tech with benefits at 391 other universities and university systems from across the United States. The comparison is based on the 2002 *Comprehensive Survey of College and University Benefits Programs* conducted by the College and University Professional Association for Human Resources. Of the participants, 36% were public institutions, 36% were private non-religious institutions, and 28% were private religious institutions.

Within each class of benefits, the table presents the Georgia Tech benefits compared to the mean value of other universities for each benefit plan feature. In addition, the table shows whether Georgia Tech lies above or below the median value, as indicated by the quintile within which Georgia Tech lies. This scale is arranged from the perspective of Georgia Tech faculty and staff, such that higher rankings are more beneficial to faculty and staff. In addition, the quintile is visually presented using symbols and colors, red and orange (☒ and ✖) indicating benefit levels below the median, green and blue (✓ and ☒) indicating benefit levels above the median, and yellow (○) indicating benefit levels at the median. Finally, the table includes notes that qualitatively assesses the benefit plan feature relative to other universities.

While this analysis presents a reasonable overview of Georgia Tech's benefits relative to other institutions, the reader should consider a number of caveats. Costs associated with benefit levels of similar quality can vary considerably, depending on location and size of the university or college. In particular, urban universities with higher costs of living are likely to show higher than average costs for both the employer and the employee. This is especially true for benefits that are location-sensitive, such as health care and parking. For many benefit plan features, particularly in health care, this table does not directly measure the quality of the benefit plans, but rather the costs and who pays for them. Estimates about the quality of benefits can only be approximated. Yet these approximations remain the best available at this time.

In general, the study suggests that (1) while health benefits are a growing concern, Georgia Tech provides benefits at or above the level of most colleges, (2) dental and vision plans are relatively weak, and (3) retirement plan options and time-off provisions are somewhat better than university averages. Parking costs are higher than the average, but these figures include many rural campuses. Parking costs for many campuses (presumably urban) are considerably higher than those found at Georgia Tech. Two other areas of concern include sabbatical leaves and domestic partners. Concerning leaves, out of 392 universities reporting in the survey, 250 provided information on whether they provided for sabbatical leaves. Of these, all provided for sabbatical leave. Concerning domestic partners, less than a third of universities provide any benefits to domestic partners. Georgia Tech extends benefits to domestic partners if those benefits are fully paid for by the employee, with no employer contribution. Georgia Tech's domestic partner benefits are therefore above average.

| Class of Benefits | Benefit Plan Features | | Georgia Tech Value | Mean Value | Georgia Tech Quintile Relative to Median* | | | | | Notes |
|-------------------|-----------------------|---|---------------------|---------------------|---|------------------------|-----------|---------------------|--------------------|---|
| | | | | | 0 to 20% | 21 to 40% | 41 to 60% | 61 to 80% | 81 to 100% | |
| | | | | | well below average | not as good as average | average | better than average | well above average | |
| Health Care Plans | Health Plan Features | | | | | | ○ | | | The health plans have fairly typical plan features, including deductibles, life time limits, and coverage. However, this is hard to assess with any detail. Plan designs vary widely in terms of service and deductibles, and the data available mask this variability. |
| | Indemnity Plan | Employer contributions relative to median health plans (for singles, 2-person families, and families) | \$287; \$546; \$806 | \$247; \$384; \$424 | | | | ✓ | | The BOR contributions to health care varies widely, from a high of \$806/month for families (which is 90% above the mean) to a low of \$150/month for individuals using BlueChoice HMO (which is 40% below the mean). Georgia Tech provides particularly strong benefits to families using expensive plans occurs because Georgia Tech pays a fixed percentage of total costs (75%) rather than a fixed amount (which is more common). Hence, it tends to contribute generously to expensive plans, and less generously to cheaper plans. |
| | | Employee contributions (for singles, 2-person families, and families) | \$96; \$182; \$268 | \$39; \$188; \$245 | | | ○ | | | |

| | | | | | | | | | | |
|--|--|---|--|---------------------|--|---|--|---|---|---|
| | PPO & HMO Plans | Employer contributions relative to median health plans (for singles, 2-person families, and families) | \$150; \$310; \$428 | \$255; \$430; \$493 | | x | | | | Employees + spouses and families pay slightly above the average for the Indemnity Plan and significantly below for PPO and HMO plans. Individuals pay higher for all plans. |
| | | Employee contributions (for singles, 2-person families, and families) | \$50; \$103; \$142 | \$44; \$201; \$249 | | | | ✓ | | |
| | Health benefits provided to retirees after what period of service? | 10 years at 60 yrs old | 10 years at 55 years old | | | | | ○ | | Tech provides health benefits to retirees after 25 years of service at any age or after 10 years of service at age 60 |
| | Dental Insurance | GTech pays \$0 | Employer pays \$17 per month | | | x | | | | Like more than 25% of employers, Georgia Tech does not contribute to dental insurance. Employee premiums are consequently higher than 75% of colleges. |
| | Vision Insurance | Not provided | Employers offer plan, but rarely contribute to premium | | | x | | | | Like 40% of colleges, Georgia Tech does not offer a vision plan. Some health plans partially cover vision. |
| Flexible Spending Account | Offers a medical spending account? | yes | yes | | | | | ○ | | 98% of colleges offer this benefit |
| | Offers a dependent care account? | yes | yes | | | | | ○ | | 97% of colleges offer this benefit |
| Life Insurance | Basic life, provided and paid for by the employer | \$25,000 | | | | | | ✓ | | Data in the report does not provide useful comparisons on premiums or coverage, but GT, like 99% of colleges, provides a life insurance benefit |
| | Voluntary life, paid for by the employee | 3 times earnings | | | | | | ○ | | |
| Retirement, Defined Benefit Plan (TRS) | Unreduced benefits retirement age requirement (years) | 60 yrs | 60 yrs | | | | | ○ | | The TRS plan offers unreduced benefits with either 30 years of service or for all who are 60 years old at retirement; eligibility requirements are fairly typical |
| | Unreduced benefits service years requirement (years) | 30 yrs | 16 yrs | | | x | | | | |
| | Employer monthly contribution (as % of pay) | 10% | 3.90% | | | | | | ☑ | The TRS plan provides relatively generous support by employer |
| | Employee monthly contribution (as % of pay) | 5% | 6.80% | | | | | ✓ | | |
| | Benefit in retirement (as % of final average salary) | 2% | 1.90% | | | | | ○ | | The TRS plan benefits in retirement are somewhat more generous than most |
| Basis for "average salary" (number of years averaged, with fewer years generally being better) | 2 yrs | 4 yrs | | | | | | ☑ | | |
| Retirement, Defined Contribution Plan (ORP) | Unreduced benefits requirements | | | | | | | | ☑ | ORP has no participation or retirement age eligibility requirements, while most other programs do have such requirements. |

| | | | | | | | | | |
|---------------------------|--|--------------|-------|---|---|---|---|---|---|
| | Employer monthly contribution (as % of pay) | 10% | 7.90% | | | | ✓ | | Georgia Tech contributes a higher than average amount to ORP accounts |
| | Employee monthly contribution (as % of pay) | 5% | 4% | | | ○ | | | Faculty also contribute a higher than average amount to their ORP account, which might be considered a cost or a benefit, given that it increases savings for retirement. |
| Time Off | Vacation days per year for first year faculty | 21 | 18 | | | ○ | | | Georgia Tech provides reasonably standard time-off allowances. |
| | Vacation days per year for first year non-exempt staff | 15 | 11 | | | | | ☑ | |
| | Max carryover at any time for faculty or staff | 45 | 35 | | | | | ☑ | |
| | Sick days per year for faculty | 12 | 20 | | ✘ | | | | |
| | Sick days per year for non-exempt staff | 12 | 12 | | | ○ | | | |
| | Holidays per year | 12 | 12 | | | ○ | | | |
| Sabbatical Leave | Years between sabbaticals | Not provided | 6 | ✘ | | | | | Out of 392 universities reporting in the survey, 250 indicated whether they offered a sabbatical leave. Of these, all provided for sabbatical leave. |
| Domestic Partner Benefits | Overall | | | | | | ✓ | | Slightly more than 1/3 of colleges provide some form of benefits to domestic partners. Georgia Tech provides access to employee-paid benefits. |
| | Health insurance | | | | | ○ | | | Slightly more than 1/3 of colleges provide health insurance benefits to domestic partners. Georgia Tech does not. (This would require authorization by the Board of Regents.) |
| | Use of facilities and programs | | | | | | ✓ | | Somewhat more than 1/4 of colleges allow domestic partners access to facilities and programs. Georgia Tech does also. |
| Parking | Cost of parking to faculty and staff | | | | ✘ | | | | Approximately 60% of colleges provide free parking; 35% charge less than \$100 per month and 4% charge more than \$100 per month. Georgia Tech charges app. \$35 per month |

* all scales have been adjusted so that higher is better from the perspective of the faculty and staff