Faculty Benefits Committee Meeting

August 25, 2015, 9:30-11 am

OHR 220

Attendees: Jason Freeman (chair), Stella Richardson (Secretary), Wayne Book, Brandon Conkle (OHR), Michael Elliott, Leslie Hall (Staff Council Representative), Tommy Little (Staff Council Rep.), Decker Onken (Student Representative; VP of Finance for SGA), Michelle Powell, Raquel Lieberman

Absent: Doug Britton

Administrative

- Minutes from the April 14, 2015 meeting were approved without changes.
- The annual report was approved without changes.
- Michelle Powell will present the annual report at the October 20th faculty meeting.

Election of Chair and Secretary for 2015-2016

Jason, in his third year as chair, opened the floor for election of new chair. With no volunteers or nominees, Jason agreed to continue for another year as chair. Stella suggested that a vice-chair be elected to serve as chair the following year. Going forward in this manner will ensure continuity in the position. The committee agreed. Raquel volunteered to be vice-chair. Stella volunteered to continue as secretary for this year. The committee approved these officers.

Staff Council update (Jason/Tommy)

- Traditionally the Faculty Benefits Committee has had 3 staff members. In the fall of 2013, President Peterson appointed a staff council to be a voice for staff concerns. An election was held early this calendar year to decide on council members. They began by electing committees to focus on 4-5 priorities for 2015. The five committees are Campus Physical Environment, Communications, Compensation & Benefits, Employee Engagement, and Employee Health and Well Being. Each committee is made up of 12 staff members, who elected a chair. Tommy was elected to the council and serves as chair of the Compensation and Benefits committee. Tommy also provided a handout with descriptions of 5 priorities that will be the focus of the designated committees. He and Leslie serve as ex-officio members of the Faculty Benefits Committee.
- Jason stated that the staff council will have its own identity but will keep close connection to the faculty benefits committee. Tommy and Leslie currently serve as ex-officio members. We need to get one or two representatives to attend the Staff Council Benefits and Compensation Committee ex-officio. We will need to make amendments to our committee charter to address how staff council committee members will be appointed, etc. This process is already underway with the Secretary of the Faculty.

- Moving forward the staff council will take over staff-related issues on benefits and compensation. The Faculty Benefits committee will focus on faculty-related issues. We will work together on shared faculty/staff issues.
- In a meeting that Tommy and Leslie had with Dr. Peterson they received confirmation that Board of Regents (BOR) prohibits cost of living raises. Dr. Peterson expressed a commitment to get an update to the Job Classification and Compensation System (JCCS) rolled out and will use every opportunity to increase pay (economic adjustments, etc).
- Advancing the TAP and STRAP programs, communicating staff opinions on the health exchange and defined contribution plan are some of the key priorities for the staff Compensation and Benefits Committee. Tommy noted that parking and transportation is now a priority for the Campus Physical Environment Committee. Jason added that Lance from parking agreed to add a Faculty Benefits Committee member to PTAC and asked Tommy to follow-up to have a staff council member added from that committee instead. Tommy will pass that information along to Bill Halabi, who chairs the Campus Physical Environment committee.

Compensation

Michelle asked how exempt vs non-exempt will be dealt with in the JCCS. Brandon responded that basically exempt staff are salaried and exempt from overtime pay. Non-exempt staff are hourly and are not exempt from overtime pay. Accordingly, the Dept. of Labor (DOL) has come up with a new set of standards for exempt status. Companies have to complete an audit from a checklist that describes new standards which is used to determine status.

There is a teaching exemption for Instructors. A dollar value has been assigned to researcher and some staff roles. For researchers and many other staff there is a “dollars test” and a “job duties” test. The minimum salary for exempt status is currently $23,300 a year. Even if job responsibilities fall into the exempt category, the annual salary has to be more than $23,300 to be classified as exempt. The proposed new rules move the minimum $23,300 to $50,440. Based on this new standard, over 700 employees at GT would move from salaried to hourly status. GT will have to consider whether the cost of moving salaries that are close to $50,440 up to that to maintain exempt status, or to change them to hourly employees and pay overtime. This is challenging, for example, if there are two employees in the same category with one salary at $38,000 and the other at $49,000.

OHR and Institute leadership are still considering how to do salary structure adjustments: reviewing existing structures in JCCS and moving them up, or reconsidering the whole system (e.g. increasing the number of levels). We currently have more levels of reporting structure than grades in many areas.

Wayne asked how the salary structure affects part-time retirees and students. Brandon stated that there are different standards for students. If students are hired as regular employees they can’t be full-time students in the USG system. They otherwise follow regular student employment standards. There is a limit on retired but working employees. They can work no more than 49% time and be paid no more than the average rate for the position in which they work.

Merit increases

Brandon stated that 70% of our employees got raises. The average increase was 2.7%. The budget allocated for raises was 75% of the employee base. The ones who got raises received a little more than originally planned on average. There were some over the max for range that had to be justified by managers. Brandon reiterated that raises were for merit only. Jason asked if this is a new model going forward. Brandon believes this is so, there will probably not be cost of living increases across the board. Units can request OHR to do salary reviews when considering compression raises.

Jason asked about the role of HR in faculty salaries, e.g. when faculty get matched salaries based on offers for jobs from other companies. Brandon has not touched faculty pay for the most part; that request would go to the provost's office. HR is available to work with units to create job descriptions to decide pay rates by doing market studies and comparing them with peer institutions. This is mostly done for staff. Some discussion followed about what peer institutions were used in these comparisons and the criteria for selecting them and whether Georgia Tech should aim to be at the median or higher.

Updates from 8/11/15 BOR meeting

The new rates for medical plans were approved. There was only one plan design change; the high deductible plan has an increase in out of pocket expenses. The HRA was approved for retirees.

They discussed opportunities for cost savings in pharmaceutical plans. Brandon stated that he has not seen any movement yet on this. It is not expected that additional medications will be dropped from coverage, but that some may be priced into higher tiers of copayments.

Open enrollment is scheduled for the first two weeks in November. The benefits fair will be Nov 5.

Jason reviewed the rate sheet for 2016 health care premiums and reviewed that we are in year two of a three-year transition to a defined contribution model for pricing. In other words, moving forward, the BOR is subsidizing a fixed amount for each health plan option (regardless of total cost) instead of a percentage of the total cost as in previous years. So there is a fixed subsidy for employee+family coverage, for example, regardless of plan chosen. This is set as a percentage of the cost of the BCBS POS plan. This reduces risk to the BOR as people move between plans from year to year and is increasing the cost of some plans that were traditionally a "good deal" for employees while slowing down the rate at which other plans increase. This is evidenced by the year-to-year changes in employee premiums for 2016, which vary from a few percent for some plans to nearly 30% for other plans. The pricing should stabilize in 2017 once the three-year transition is complete.

The BOR is moving retirees to a private health care exchange on Jan 1. They can choose a plan and will get the same subsidy of $228/month regardless of plan chosen. Unlike plans (except Kaiser) for active employees, this exchange is not self-insured by the USG, it is a private exchange where retirees can pick among many plans. The amount of the subsidy could be viewed as disappointing compared to levels of retiree health subsidy in past years. The USG claims that the additional choices in plans compensate for the reduced value of the benefit, but the committee was skeptical of this logic. Michael suggested that this is risk control for the board. They are managing cost risk by paying a low fixed amount and moving the risk to retirees.

Brandon stated that USG RFP for the biometric screening wellness program was never finalized. The program would invite employees to do a biometric scanning and other health screening. The goal is to set up a health plan for the employee with follow-up. The idea is that it would lower curve of health costs, which might make it possible for employees to receive savings in the form of a rebate at the end of the year if they stuck to the plan. Committee members expressed concerns about managing private information like this with USG and likely BCBS and that even if the program appeared to be optional, it would ultimately result in a financial penalty (higher premiums) for anyone not opting in. Jason stated that he would invite Mark Braunstein, GT's representative on the total rewards steering committee, to one of our meetings to further discuss this topic.

More discussion followed about BOR contributions to health plans. Michelle asked a question about spousal surcharges. Brandon stated that there will be none this year. The BOR is still studying the information that was collected last year but not collecting any further information during open enrollment.

Tommy volunteered to join the donated sick leave committee to replace a member who is rotating off.

Open enrollment planning was deferred to the next meeting.

Health Care Strategy

Brandon stated that for the BOR the priority is to control medical care costs. They have operated with a deficit for a few years. This has prompted the changes to defined contribution plans. We are in year two of a three year transition plan. Tommy asked how this is being communicated to the general campus community. Here at Tech it is being included in health care presentations, email, etc. There will be more communication around this during this year's open enrollment. Other campuses have handled it differently or relied on materials from GT.

Per Tommy, the staff council expressed concern about the defined contribution plan. He asked if this decision could be reversed. Can we make an impact with input into this? Tommy feels that GT had no say in the decision. We spoke to Karin Elliott at a meeting last year but the transition had already begun. Brandon feels that we could be valuable drivers in defining what GT's total rewards system should be. We probably can't change the path for defined contribution right now, but we could push for priorities at GT in terms of merit increases and/or changing BOR policy to allow GT and other research universities in the system to subsidize benefits beyond what USG offers.

Other discussion

The staff council is very interested in TAP/STRAP and expansion of these programs, but funding is an issue.

Jason noted that the gradual erosion of benefits for faculty retirees is creating a culture that discourages timely retirement for tenured faculty, which can have far-reaching consequences for GT's teaching and research enterprises. He would like to explore the transition from full-time professor to emeritus / semi-retired /retired in a future meeting.

Michelle stated that from sponsored programs perspective the increasing teaching load on faculty is being discussed. Should we look into how the increase in student enrollment has resulted in overloading faculty and negatively affected research productivity and research funding? The consensus was that this is an issue of concern that the committee can take on.

Disability Insurance for 9-month contract faculty

This discussion was deferred until the next meeting.