Faculty Compensation and Benefits Committee

September 23, 2015

Minutes


- Introductions, approval of minutes, brief discussion of role of FCBC. It was suggested that we develop a description of what the committee does, and possibly ask for a change in the committee rules to reflect this description. **Action Item:** develop such a description.

- Meeting dates for the academic year were agreed on: Oct. 21, Nov. 18, Dec. 16, Jan. 20, Feb. 17, March 23, April 20, May 18. Please mark your calendars

- Tom Lemberger was elected vice chair of FCBC by unanimous voice vote.

- There were two suggestions for new issues to be considered by FCBC, in addition to those already on the docket: (1) A study of the compensation of administrators at OSU in comparison to peer institutions. There was some discussion of the ongoing Executive Compensation and staff classification redesign projects and how a study of administrator compensation could be rolled into these projects. AJ Douglass and other HR representatives reminded us that their resources for conducting additional studies are limited. **Action Item:** follow up with HR staff about resources and data sources for a study of administrative compensation. (2) A description of how the rules governing family leave for employees with less than one year of service are determined. The rationale for limiting family leave eligibility to employees with at least one year of service was discussed.

- Pam Doseck described changes to the health plan design for 2016. The changes include increased copays and deductibles; implementation of a national preferred formulary that will result in some brand name medications no longer being covered; reductions of 1.0 to 1.5% in university subsidies for spouse and child coverage; and implementation of tiered premiums, based on total compensation during the prior 12 months. University costs are projected to be $9.3 million lower than in the absence of the changes, a 2.4% saving. Participant costs will increase by 6.5% on average. There are also some small changes to the Dental plan.

  Discussion: Even with these changes, OSU’s coverage and subsidies are far above average for our peers. OSU has an “informed use” initiative that provides individualized information about health care use and costs. An online version will allow employees to simulate the costs of alternative use patterns. We were reminded that employee premiums are pre-tax deductions. On a post-tax basis, the marginal contribution rate for highly compensated employees is actually
lower than for lower-compensated employees, despite the new tiered contribution system. The latter is intended to be cost-neutral, and will be reexamined annually.

- There was a lively and occasionally impassioned discussion of the so-called “mitigating rate” imposed by state law that requires OSU to divert part of the contributions made on behalf of Alternative Retirement Plan participants away from their pension accounts and into the STRS plan. Among the key points of the discussion were:

  (1) A bill being considered in the state legislature would affect the mitigating rate, but the intention of the bill is unclear.

  (2) OSU administration is keenly aware of the issue, has lobbied against previous attempts to increase the mitigating rate, and is involved in discussions about the current proposal.

  (3) The mitigating rate hurts OSU’s ability to compete with other institutions for faculty.

  (4) There is potential for this issue to pit faculty enrolled in STRS and ARP against each other, and this would be very unfortunate and undesirable.

  (5) There is considerable confusion about the purpose and impact of the mitigating rate. FCBC could play a useful role by disseminating clearly written and understandable information to the faculty.

  (6) The issue is being considered by University Senate. FCBC could ask the Senate to take action, for example a resolution of some kind.

**Action items:** Develop a FAQ or other document about the mitigating rate, in collaboration with University Senate, for dissemination to the faculty. Discuss with senate leadership how FCBC can play a useful role in this discussion.

Meeting adjourned