Financial Affairs Committee
Minutes and Report
(Meeting Date: 11/7/2000)

The Financial Affairs Committee met Tuesday11/7/2000.

Members Present:Keith Woodbury, Lee Pike, Deborah Martin, Anup Agrawal, Terry Royed.

Members Absent: Wythe Holt

Several topics were discussed:

1) Domestic Partner Benefits Proposal

Our general discussion began with consensus agreement that our committee will deal with the probable financial impact of the DP proposal.The following components of "benefits" will be considered:

1. Health Plan
2. Tuition Benefits
3. Life Insurance
4. Dental Insurance

It happens that the University does not pay any additional life insurance for married employees; only a fixed amount per employee, so the item #3 is not a factor.Also, Dental Insurance is sold by the carrier, and it will be up to the carrier to accept domestic partners as "married" for their purposes.This puts Dental Insurance out of the immediate picture

Our initial idea to obtain a distribution of payments under the health plan and tuition benefits was soon abandoned.We did get some good data from John Kasberg at Risk Management on payouts from the health plan over the first 9 months of this year for both individuals and families covered under the health plan (*see HealthPlanPayouts2000.pdf*).

(From this data it is clear that payouts under the plan are exceeding premiums, and it would appear that premium increases are on the horizon.For a single employee paying $12 per month in premiums, the University pays about $1800 per year; resulting in a combined $1944 per year paid into the fund for a single contract.Based on average prescription and claims, each single contract is averaging $2,396.74 in costs.Thus, each single contract is running "in the red" by $450 (about 19% overspent).A similar analysis for family contracts reveals $4484 per year paid into fund ($157 per month by employee and $2800 per year by University) and average expenses are $5,457.73, with each family contract running "in the red" by about $975 (about 18% overspent).The total estimated deficit in the health care fund for the year 2000 is roughly $2,000,000.)

*Health Benefits.*From several web sources, but primarily based on the 3.4% figure cited in the DP proposal and attributed to CUNY Group Study, it was agreed that an upper bound on expected increased in enrollments if domestic partner benefits are offered is 4%.The University has about 4000 employees.If we assume that 4% of these 4000, or about 160 employees, will switch to the family plan from the single plan if given the chance.The University's contribution into the health plan for these employees will increase from $1800 to $2600, and increase of $800 per employee or a total of $128,000 per year.

*Tuition Benefits.*At our meeting, no information was available regarding the number of employees taking advantage of tuition remission benefit for dependents.Deborah Martin promised to look into this statistic and subsequently reported that about 50 employees currently take advantage of this benefit.Applying the estimated 4 per cent increase to this figure results in an estimate of only 2 additional tuition remissions to be paid by the University on behalf of domestic partners.

Deborah Martin agreed to draft a resolution demonstrating the relatively low cost of providing benefits to DPs and asking that these benefits be offered.

2) Copays for medications and Mail Order Prescriptions

A short discussion on this topic revealed a consensus of opinion that the new University benefits for prescription medication places too much of the financial burden on the employee.Financial Affairs agrees to look into this issue, perhaps to offer a resolution calling for a cutback in copays in favor of increases in premiums.

3) Dental Insurance

This issue was brought forward by Keith Woodbury and Anup Agrawal.The increases in premiums for dental insurance for the year 2000 are significant (48% for a single participant and 60% for a family).Financial Affairs believes dental insurance to be an important benefit and would like to see the University help pay premiums for all employees.

4) Survivor Benefits from ASTR

If a participant in the Alabama State Teacher's Retirement System retires and the dies, the surviving spouse is entitled to 80% of the participant's pension.If the participant dies before retirement, the surviving spouse is only entitled to 50% of the pension.(See the Retirement System of Alabama web site (http://www.rsa.state.al.us/trs/trspamphlet.html) under "Death before Retirement" for more information).

This issue was introduced and deferred for future discussion due to shortness of time.

5) University ACTion Cards - Prof. Hopenwasser

Several committee members expressed the opinion that this is not an important issue.

6) Equity Adjustments and Merit Raise Procedures

Keith Woodbury shared a comment from a colleague following the last Senate meeting.The individual related the fact that, in the year of a promotion in rank, the dean of her division denied her merit-based raise.In defense of this, the dean indicated that the merit raise money could be distributed any way the dean saw fit and in the dean's estimation the individual was sufficiently compensated with the promotion raise and was not thereby not deserving of the merit portion.

The broader issue underlying this anecdote is the same one raised earlier in this committee with regard to distribution of equity increases:"What guidelines are in place to assure uniformity of distribution of raise monies (both merit and equity) across university divisions?".

7) Travel Reimbursements

Keith Woodbury presented a transcript of a response issued from Reba Essary to Norm Stein regarding some travel policy concerns his ad hoc committee raised.The document was requested from Reba Essary's office by co-chair Deborah Martin (*see RebaEssary031500.pdf*) .According to Deborah, the only item in the list on which Reba Essary's office had made a policy change was item #8 under TRAVEL.The essence of the change is that a traveler may make a request for partial reimbursement after the usual 60 day filing requirement provided that a full disclosure of all travel expenses related to the trip are filed within the usual 60 days.This will allow for a traveler to seek further reimbursement for a trip taken early in the fiscal year if funds become available from his/her department later in the year.

Attachments

HealthPlanPayouts2000.pdf

RebaEssary031500.pdf