

## Financial Affairs Committee Report 2019/20

**Co-Chairs: Rainer Schad and Christopher Lynn**

A meeting with **VP Financial Affairs, Matt Fajack**, in October 2019 had the following

topics: A general overview of the university's financial position and results ...

With specific questions:

1. What are the three biggest financial risks you see for the university?  
tuition / student enrollment – scholarships  
deferred maintenance  
state appropriations
2. What does the state appropriations trend line look like in the past five years? What is it projected to look like going forward  
\$ 170M - nice upwards trend – but essentially we are where we had been before the financial crisis. Nobody knows the future. [This is particularly true in Spring 2020]
3. Do we have any unfunded pension liability?  
\$ 625 M

Capital investments – a few more, then done. The University does not anticipate any further significant growth in student numbers.

Parking/transportation budget ...

1. future plans.  
mostly done with parking decks (expensive) – rates should be more flat going forward

REC center:

1. Faculty can't afford Rec Center.
2. Given the health cost items which are related to lack of activity / overweight [diabetes2, cardiovascular, joints, ...], using the REC center should not cost money, it should be mandatory.  
The VP found that an interesting idea – will look into it.  
Follow-up: The VP anticipates that such a move would require construction of a second RECenter to provide enough capacity – something for which funds are currently not available.

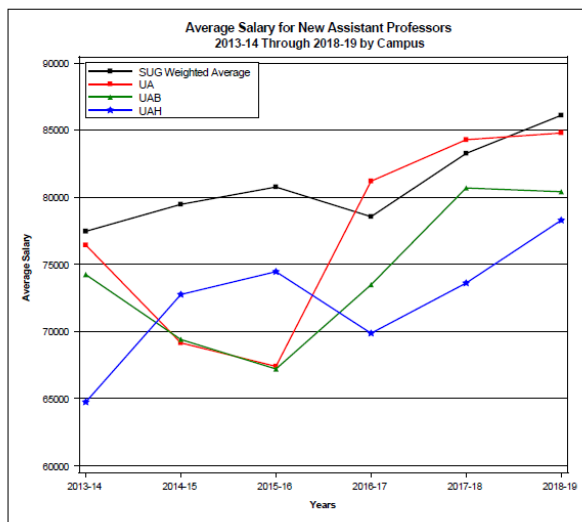
Library / publishing costs

The idea was floated about proposing a fund to support open access publishing.

## Salaries:

Faculty salaries are an ongoing concern; however, a proper comparison is difficult.

One example: salaries of newly hired Assistant Professors recently showed a significant increase above peer institutions. It was confirmed by OIRA that this was an artefact caused by a change in mix of department affiliations of those hired faculty. A shift towards a larger portion hired in departments with traditionally higher Assistant Prof salaries entirely explains the improvement the graphic seems to imply.



Generally, any comparison which is not broken down by division or department is not instructive. Even then, one would need to look at the entire compensation package, including at least the policies for the major benefits [retirement, health insurance benefits]. This comprehensive compensation substantially exceeds the pure salary component. In addition, one needs to compare costs of living which, in particular with respect to housing costs, vary hugely across the country.

Unfortunately, employers are not forthcoming to provide details about their benefit package, thus complete salary information and comparison are quite elusive.

A comparison of salaries in physics departments, both AL averages for 4-year institutions and UA averages, show:

- A 10% lower salary among all ranks in AL vs the US.
- No significant difference male vs female faculty
- A 6% lower pay for faculty who earned their PhD outside the US.

| Salaries  | Physics   | Public-4y |      | <a href="https://www.aip.org/statistics/salary-calculator">https://www.aip.org/statistics/salary-calculator</a> |        |  |        |        |           |           |             |               |                 |               |               |
|-----------|-----------|-----------|------|-----------------------------------------------------------------------------------------------------------------|--------|--|--------|--------|-----------|-----------|-------------|---------------|-----------------|---------------|---------------|
|           | rank      |           |      | PhD earned                                                                                                      |        |  | gender |        | AL        | US        | AL discount | AL male bonus | AL PhD-US bonus | AL F discrim. | AL X discrim. |
| assistant | associate | full      | year | in US                                                                                                           | abroad |  | male   | female |           |           |             |               |                 |               |               |
| x         |           |           | 2016 | x                                                                                                               |        |  | x      |        | \$74,680  | \$80,830  | 92.4%       | 104.4%        | 106.0%          | 98.9%         | 100.6%        |
| x         |           |           | 2016 | x                                                                                                               |        |  |        | x      | \$71,510  | \$78,280  | 91.4%       |               | 106.0%          |               | 100.4%        |
| x         |           |           | 2016 |                                                                                                                 | x      |  | x      |        | \$70,420  | \$75,740  | 93.0%       | 104.4%        |                 | 98.7%         |               |
| x         |           |           | 2016 |                                                                                                                 | x      |  |        | x      | \$67,440  | \$73,500  | 91.8%       |               |                 |               |               |
| x         |           |           | 2010 | x                                                                                                               |        |  | x      |        | \$77,220  | \$83,790  | 92.2%       | 104.4%        | 106.0%          | 98.9%         | 100.6%        |
| x         |           |           | 2010 | x                                                                                                               |        |  |        | x      | \$73,950  | \$81,150  | 91.1%       |               | 106.1%          |               | 100.4%        |
| x         |           |           | 2010 |                                                                                                                 | x      |  | x      |        | \$72,820  | \$78,520  | 92.7%       | 104.4%        |                 | 98.7%         |               |
| x         |           |           | 2010 |                                                                                                                 | x      |  |        | x      | \$69,730  | \$76,200  | 91.5%       |               |                 |               |               |
|           | x         |           | 2010 | x                                                                                                               |        |  | x      |        | \$82,720  | \$91,310  | 90.6%       | 98.1%         | 106.1%          | 99.1%         | 100.6%        |
|           | x         |           | 2010 | x                                                                                                               |        |  |        | x      | \$84,350  | \$93,910  | 89.8%       |               | 106.1%          |               | 100.4%        |
|           | x         |           | 2010 |                                                                                                                 | x      |  | x      |        | \$78,000  | \$85,556  | 91.2%       | 98.1%         |                 | 98.9%         |               |
|           | x         |           | 2010 |                                                                                                                 | x      |  |        | x      | \$79,520  | \$88,180  | 90.2%       |               |                 |               |               |
|           | x         |           | 2004 | x                                                                                                               |        |  | x      |        | \$85,530  | \$94,660  | 90.4%       | 98.1%         | 106.0%          | 99.1%         | 100.6%        |
|           | x         |           | 2004 | x                                                                                                               |        |  |        | x      | \$87,210  | \$97,350  | 89.6%       |               | 106.0%          |               | 100.4%        |
|           | x         |           | 2004 |                                                                                                                 | x      |  | x      |        | \$80,660  | \$88,710  | 90.9%       | 98.1%         |                 | 98.9%         |               |
|           | x         |           | 2004 |                                                                                                                 | x      |  |        | x      | \$82,240  | \$91,410  | 90.0%       |               |                 |               |               |
|           |           | x         | 2004 | x                                                                                                               |        |  | x      |        | \$107,350 | \$117,370 | 91.5%       | 104.4%        | 106.0%          | 99.5%         | 100.6%        |
|           |           | x         | 2004 | x                                                                                                               |        |  |        | x      | \$102,800 | \$113,000 | 91.0%       |               | 106.0%          |               | 100.4%        |
|           |           | x         | 2004 |                                                                                                                 | x      |  | x      |        | \$101,230 | \$109,980 | 92.0%       | 104.4%        |                 | 99.3%         |               |
|           |           | x         | 2004 |                                                                                                                 | x      |  |        | x      | \$96,940  | \$106,090 | 91.4%       |               |                 |               |               |
|           |           | x         | 1990 | x                                                                                                               |        |  | x      |        | \$116,090 | \$127,650 | 90.9%       | 104.4%        | 106.0%          | 99.5%         | 100.6%        |
|           |           | x         | 1990 | x                                                                                                               |        |  |        | x      | \$111,170 | \$122,890 | 90.5%       |               | 106.0%          |               | 100.4%        |
|           |           | x         | 1990 |                                                                                                                 | x      |  | x      |        | \$109,470 | \$119,620 | 91.5%       | 104.4%        |                 | 99.3%         |               |
|           |           | x         | 1990 |                                                                                                                 | x      |  |        | x      | \$104,830 | \$115,390 | 90.8%       |               |                 |               |               |

## Tuition Benefits

VP Financial Affairs, Matt Fajack approved the concept of extending educational benefits to the dependents of deceased active and retirees who are currently enrolled. This will apply to dependent-students of both active and retired employees who were enrolled at the time of the employee's death.

## Health insurance Plans

There are health plan options offered by The University of Alabama. The High Deductible Health Plan has proven to be a popular choice with approximately 20% of employees selecting the plan last year. The Health Savings Plan is available with the HDHP plan and offers triple tax savings including tax free payroll contributions, tax free earnings accumulated, if invested and tax free distributions, if used for qualified medical expenses. The money in the HSP belongs to the policy owner and how and when their money is spent is their option. The committee recommends employees educate themselves about investment account choices.

## Prescription drug pricing

Analyzed the pricing of prescription drugs comparing GoodRx versus Prime Therapeutics for the 30 most prescribed drugs and the data showed a savings of \$248,000. While using GoodRx may result in savings for the member in some cases, the money spent does not count against their deductible. It was concluded, therefore, that where members buy drugs is an individual choice and everyone should do what works best for their situation.

| UA Rank | Drug                      | Scripts | Unit Ingredient Cost (UA Cost) | UA total cost | goodRx price (used pharmacies which are around her |         |                   |                   |
|---------|---------------------------|---------|--------------------------------|---------------|----------------------------------------------------|---------|-------------------|-------------------|
|         |                           |         |                                |               | large                                              | savings | potential UA cost | potential savings |
| 1       | ATORVASTATIN CALCIUM      | 1,736   | \$0.1971                       | \$20,016      | \$0.14                                             | -29.0%  | 14216.3           | \$5,800           |
| 2       | FLUTICASONE PROPIONATE    | 1,509   | \$0.7853                       | \$19,882      | NA                                                 | -100.0% | 0                 | \$0               |
| 3       | ESCITALOPRAM OXALATE      | 1,503   | \$0.1905                       | \$12,856      | \$0.16                                             | -16.0%  | 10797.92          | \$2,058           |
| 4       | LEVOTHYROXINE SODIUM      | 1,454   | \$0.3766                       | \$32,065      | \$0.16                                             | -65.5%  | 11069.5           | \$20,995          |
| 5       | MONTELUKAST SODIUM        | 1,352   | \$0.2838                       | \$17,122      | \$0.20                                             | -29.5%  | 12066.6           | \$5,056           |
| 6       | AMOXICILLIN               | 1,317   | \$0.0792                       | \$6,836       | \$0.13                                             | 64.1%   | 11217.05          | -\$4,381          |
| 7       | SERTRALINE HCL            | 1,286   | \$0.1382                       | \$9,856       | \$0.11                                             | -20.4%  | 7846.41           | \$2,009           |
| 8       | LISINAPRIL                | 1,274   | \$0.1242                       | \$8,760       | \$0.06                                             | -55.7%  | 3879.865          | \$4,880           |
| 9       | MELOXICAM                 | 1,245   | \$0.1482                       | \$5,232       | \$0.08                                             | -44.0%  | 2929.568          | \$2,302           |
| 10      | HYDROCODONE/ACETAMINOPHEN | 1,181   | \$0.1888                       | \$7,504       | \$0.20                                             | 7.5%    | 8066.408          | -\$563            |
| 11      | AZITHROMYCIN              | 1,143   | \$1.2751                       | \$13,138      | \$0.73                                             | -42.8%  | 7521.19           | \$5,616           |
| 12      | AMLODIPINE BESYLATE       | 1,131   | \$0.1266                       | \$8,280       | \$0.11                                             | -13.1%  | 7193.89           | \$1,086           |
| 13      | BUPROPION HYDROCHLORIDE E | 1,078   | \$0.5228                       | \$29,646      | \$0.62                                             | 18.6%   | 35155.86          | -\$5,510          |
| 14      | AMOXICILLIN/CLAVULANATE P | 1,031   | \$0.3948                       | \$15,966      | \$0.54                                             | 36.8%   | 21839.76          | -\$5,874          |
| 15      | CLONAZEPAM                | 951     | \$0.0890                       | \$3,630       | \$0.10                                             | 10.1%   | 3996.832          | -\$366            |
| 16      | VYVANSE                   | 937     | \$10.0456                      | \$280,131     | \$10.44                                            | 3.9%    | 291129.8          | -\$10,999         |
| 17      | GABAPENTIN                | 929     | \$0.1221                       | \$8,295       | \$0.01                                             | -94.3%  | 475.678           | \$7,819           |
| 18      | LOSARTAN POTASSIUM        | 926     | \$0.1449                       | \$8,111       | \$0.09                                             | -40.0%  | 4869.912          | \$3,242           |
| 19      | AMPHETAMINE/DEXTROAMPHETA | 919     | \$0.8763                       | \$39,635      | \$0.45                                             | -48.6%  | 20353.05          | \$19,282          |
| 20      | HYDROCHLOROTHIAZIDE       | 891     | \$0.0942                       | \$4,431       | \$0.07                                             | -21.5%  | 3479.554          | \$952             |
| 21      | PREDNISONE                | 870     | \$0.1817                       | \$3,976       | \$0.26                                             | 43.1%   | 5688.54           | -\$1,712          |
| 22      | ADDERALL XR               | 866     | \$7.1295                       | \$193,346     | \$1.25                                             | -82.5%  | 33898.75          | \$159,447         |
| 23      | PANTOPRAZOLE SODIUM       | 825     | \$0.1657                       | \$7,465       | \$0.13                                             | -19.7%  | 5991.65           | \$1,474           |
| 24      | OMEPRAZOLE                | 813     | \$0.1604                       | \$7,139       | \$0.18                                             | 9.1%    | 7787.675          | -\$649            |
| 25      | ALPRAZOLAM                | 798     | \$0.0861                       | \$3,324       | \$0.09                                             | 5.7%    | 3514.602          | -\$191            |
| 26      | VITAMIN D                 | 738     | \$0.6959                       | \$4,396       | \$0.68                                             | -2.3%   | 4295.56           | \$100             |
| 27      | FLUCONAZOLE               | 724     | \$1.7827                       | \$6,552       | \$2.33                                             | 30.7%   | 8562.75           | -\$2,011          |
| 28      | ZOLPIDEM TARTRATE         | 724     | \$0.3348                       | \$7,035       | \$0.12                                             | -64.2%  | 2521.44           | \$4,513           |
| 29      | METFORMIN HYDROCHLORIDE   | 684     | \$0.0598                       | \$4,691       | \$0.04                                             | -33.2%  | 3135.68           | \$1,555           |
| 30      | CEFDINIR                  | 676     | \$0.5677                       | \$13,380      | \$0.88                                             | 55.0%   | 20738.96          | -\$7,359          |
|         |                           |         |                                |               |                                                    |         |                   |                   |
|         |                           |         |                                | \$802,695     |                                                    |         |                   | \$248,187         |