

HRAC Meeting

November 11, 2010

Present: Dhiane Bradley, Mike Byrne, Cathy Carter, Sam Connally, Pamela Feldhoff, Sharon LaRue, Lisa London, Sam Marcossou, Kim Noltemeyer and Greta Bramer (Notes). Dennis Finnegan, HR Director of Employment and Compensation was also present.

Summary:

Joint Policy Initiatives for 2010 – 2011 – A quick review of policy initiatives and status was given with particular focus given to:

- **Flexible Spending** - Currently, employees on the health waiver plan have a “run out” period of three months in order to file a claim on health expenses incurred in the previous year. In 2006, Congress approved a “grace” period which would allow an employee to use any remaining waiver health plan money on health related expenses in the first 2 ½ months of the next year. There would be a very marginal cost increase involved but the benefit to the employee would be substantial. The new “run out” period would be April 15. Sam will recommend this change to the Provost.

Beginning January 2011, flexible spending money will not allow purchasing over-the-counter items. An employee will have to have a prescription.

- **Initiative to Foster Collaboration, Collegiality, and Trust** (Assistance, Morale & Outreach Staff Senate Committee) – Sam is inviting the Staff Senators, UBM’s and the HRAC members to share ideas as to help support this initiative.

Cost Savings Initiatives

- **Elimination of Health Waiver** (flexible spending) – Elimination of the health waiver would not be cost effective.
- **Staff Early Retirement Option** – When a faculty person elevates through the ranks their primary purpose (teaching, research and service) doesn’t change. When a staff person elevates through the ranks whether it be through a reclassification or promotion, their job duties normally change. For this reason an early retirement option works for faculty while it doesn’t work for staff. When a staff person leaves the University, they would need to be replaced and compensated for the current vacant job.

- **Other Strategies** – Other strategies discussed included reallocation of lap salaries and salary reserves . Next step is to have an open discussion with the Finance Division.
- **Health Insurance for Retirees and Spouses** – Discussion began with assurances that nothing would be taken away from current retirees or near term retirees. Currently, in order to retire from the University an employee must:
 - Have 7 years of continuous service and be 60 years of age or
 - Any combination of service & age to equal 75 years.

The current defined benefit is \$108.10 per month for the retiree and \$108.10 for the retiree's spouse. This is an unfunded benefit currently paid out of the general fund.

- An option could be to move from a defined benefit to a defined contribution to a health retirement plan. This could be one option of a cafeteria plan. A health retirement plan, if structured properly, would be portable taking it with you if you left the University and would be tax sheltered. This discussion is in its infancy with more to do such as:
 - Aon modeling the current benefit compared to an HRA.
 - Doing an analysis of average age of retirement.
 - Deciding when entitlement begins
 - Other options

Summary submitted by Greta Bramer on 11/11/10