

To: University Senate
Benefits Liaison Group
University Executive Team

From: University Senate Fringe Benefits Committee
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RE: Report on 2013 Fringe Benefits Survey Results

Introduction

The Fringe Benefits Committee (FBC) developed and conducted a survey of benefits-eligible University Senate constituents and AFSCME and UAW members for three weeks in March 2013. The purpose of the survey was to gather information from participants about what benefits they used, how they valued those benefits, how recent changes in those benefits have impacted their lives, and what changes, if any, they desired in the current benefits package. Out of 1289 people eligible to take survey, 824 completed it, which equates to a response rate of nearly 64 percent, a solid response by any measure. This report is an overview of the results of that survey, which included two parts – multiple choice and short answer and provides twelve recommendations at the end. The University Senate Executive Committee, the Benefits Liaison Group, and the University Executive Team are receiving the full results of the survey, including raw comments as well.

With such a huge response, the FBC hopes that the Administration and Benefits Liaison Group will review the information in this report and incorporate the suggestions into the decision-making process as Michigan Tech re-evaluates its compensation packages in the next few years.

Multiple Choice Questions

The survey (complete results are included in a separate PDF file) asked twenty-seven multiple choice questions, the first four of which sought demographic information. The next fifteen questions asked whether that particular benefit was used and then to rate its importance. Questions 20 through 22 asked about the importance of vacation and sick leave. The salary/fringe benefits mix was addressed in Questions 23 through 25. Next, Question 26 and 27 addressed the impact of recent changes in health insurance plans, premiums, co-pays, and deductibles on the person's health-related decisions.

To briefly summarize the demographics and particulars of fringe benefits usage, 263 faculty, 435 professional staff, 207 union staff, and 18 non-union support staff responded. Nearly 26 percent of respondents have worked at MTU between one and five years, another 19 percent between six and ten years, 26.5 percent between eleven and twenty years, and 22.5 percent have worked here more than 21 years. Twenty-five percent of respondents only covered themselves, while nearly 27 percent covered one dependent. Another 34 percent covered two or three dependents. Less than 5 percent had five or more dependents. With regard to income, less than 4 percent had household incomes less than \$30,000, 30 percent had household incomes between \$30,000 and \$59,999, and another nearly 30 percent fell between \$60,000 and \$89,999. The remaining 36 percent were above \$90,000.

This report will not summarize the benefits usage in detail because the Benefits Office already has a record of who participates in what benefit. What should be noted, however, is that even though not everyone participates in every benefit (either by choice or ineligibility, e.g. MPERS), the availability of options such as the retirement plans and university matches and health plans are either important or very important to the majority of respondents. TechFit, the long-term and short-term disability options, life insurance, and educational discounts for employees and their families are all highly valued by the employees. Vacation and sick time were, not surprisingly, also rated as very important by most of the employees. One unique benefit that MTU offers is the ability to use sick time to care for family members, which more than 75 percent of respondents rated as very important or important.

Note that when asked about compensation packages, 66 percent of respondents rated salary and fringe benefits of equal importance. Additionally, 56 percent indicated MTU's fringe benefits package was a very important factor in their decision to accept employment here, while 48 percent rated salary as a very important factor.

Regarding how the recent changes in the health plans have impacted employees and their families, it should raise some concern that nearly 54 percent of respondents answered "yes" to Question 26, which asked "Have the recent increases in deductibles and co-pays in the MTU health plans caused or someone in your family to delay health care?" The university needs to better understand this response and then consider the long-term consequences of delaying health. In the recommendations section, there are several suggestions for addressing this issue.

On a positive note, more than 76 percent of respondents indicated they or their dependents had undergone a comprehensive physical in the prior year. Such high utilization could reduce health care costs in the future as issues are addressed earlier and plan members are encouraged to develop or continue good health habits.

Short Answer Questions

Questions 28 through 31 sought comments about what changes respondents would like to see in the current fringe benefits package and ways the university could help them improve their health. Not surprisingly, these questions revealed dissatisfaction with the lack of salary adjustments and cuts in fringe benefits over the past several years. The FBC will let the employees speak for themselves on each of these questions by posting particularly cogent comments verbatim.

Question 28 *What fringe benefits would you like to see Michigan Tech add its benefits package, e.g. paid time off, discounts for long term care insurance, and so on?* About 52.5 percent of the respondents answered this question. The majority of comments on this question fell into five categories, listed in order of descending popularity.

1. Provide employees with health insurance options that have lower deductibles and co-pays, access to a better variety of providers including more dentists and non-traditional health care providers, and coverage of hearing aids. Additionally, more than forty respondents wanted the employer HSA contribution reinstated and saw its elimination as a pay cut. Several people also saw increasing the health insurance opt-out benefit as a way to reduce costs, especially as Michigan Tech's plan becomes less financially attractive.

Responder #16 – “1. MTU deposit \$2000/yr into the HSA account for 1 employee and 1 dependent. 2. Free parking. When you take away HSA deposits and start charging over \$100 for parking at a campus that has weather conditions which cause even the closest living location to drive, you're giving people a salary reduction. Insulting and noncompetitive. 3. Free use of ski trails and SDC workout room for employees and families. This campus has a atmosphere of "guarding" the athletic facilities. The administration adds barriers to working out instead of removing them. 4. What happened to the \$75 benefit for taking the annual physical? Perhaps that would be unnecessary if we had free access to the trail system and SDC machines.”

Responder #169 – “Faculty are doing okay on the functionality. Please stop increasing the cost. The loss overall compensation each year is killing us. We lost nearly \$1000 last year.”

Responder #215 – “Better health care coverage. I preferred the BlueCross PPO that I had when I first came to MTU. Health coverage has gotten worse every year.”

2. Provide more options for paid leave such as transforming vacation/sick leave to paid time off, closing the university between Christmas and New Year's Eve, and reinstatement of sick leave eliminated when short-term disability was implemented. This last item is a particular sore spot for some employees, many of whom characterized it as “theft” on the part of the university. Additionally, several union members cited the discrepancy in vacation accrual between union and professional staff as a point of contention.

Responder #112 – “I would like to see Michigan Tech consider eliminating Vacation and Sick time and replacing it with a Paid Time off policy. It would have been nice to solicit input on that with this survey. We can't stay with the same old ways of doing business. It is not realistic.”

3. Expansion of the TechFit benefit to include more programming such as purchase of home exercise equipment, access to free or reduced-rate athletic tickets, and free employee access to the Student Development Complex.

Responder #90 – “Further employee and dependent discounts on the use of MTU recreational facilities – Mt Ripley, Golf Course, SDC, Tech Trails. Health is a big problem for many Americans (myself included). It would be interesting to see what the additional cost to MTU would be if employees were allowed to use the SDC for free, for example.”

4. Elimination of the parking fee. The new parking system is another sore spot for employees, with several citing other areas where the university could have recoupled costs instead of charging employees to park at their place of employment.

Responder #292 – “Go back to the former sick days with the pool. This is a benefit we lost. FREE PARKING. It is costing more to have a transportation and parking office with staff and vehicle dedicated to babysitting parking. This is the biggest waste.”

Responder #410 – “I would rather see us get to the point where we stop cutting the benefits we have before thinking of adding anything new. But if we are adding something as a "benefit" how about we start with parking. It would be nice to be able to not have to pay an admission fee for the privilege of coming to work.”

5. Reinstatement of MPERS for all employees(which, of course, is not legally possible) or additional matching to retirement accounts. Several employees also suggested access to MTU’s health insurance at a reduced cost in retirement.

Responder #448 – “Lets get competitive again with our retirement packages like our peers in the State of Michigan and other institutions. We are very "business-like" in our benefits. Actually we are better than most businesses, but we are not a business as we do NOT pay business salaries.”

Responder # 538 – “I would like better retirement. The current retirement IS OF NO VALUE TO ME. It WILL NOT EVEN COME CLOSE TO SATISFYING MY NEEDS. It is NOT an option for me to retire from MTECH.”

The remaining suggestions concerns fell into two categories:

1. No more cuts to benefits!

Responder #286 – “At this point, I don't think Michigan Tech should add any benefits but maintain a good quality of the ones that we have. One of the main reasons why I accepted a position from Michigan Tech (despite of being in the middle of nowhere, with travel difficulties) was that at that time MTU had the best benefit package among other institutions that I interviewed with. That made a big difference in my decision to come here. In the last couple of years, it has been ridiculous the amount of benefit we are loosing. Each year is more and more of my pay going to health care, retirement, etc. The idea of add some of the retirement money to salary was ridiculous. In the end of the day we end up to losing money. It seems like the administration think that we don't know how to make simple calculations. It is clear that my total compensation is less now than a few year ago. That is the problem, we are losing total compensation. In addition, groceries, gas, utilities, etc are more expensive here.”

2. A wide variety of concerns such as access to long-term care insurance at a reduced premium rate, additional maternity/paternity leave, free tuition for dependents, and others.

Responder # 25 – “Paid time off, longer maternity leave for mothers, a total of 6 weeks with one extension of another 6 weeks is simply not enough especially for international faculty who do not usually have any immediate family members around to help”

One person, Responder #644, was happy with the current fringe benefits situation, stating, “I find the benefits acceptable. Like everyone else, it can be discouraging to have the personal costs go up. Overall, I think we still have very competitive benefits and I am happy with them.”

Question 29 *What current fringe benefits, if any, would you like to see removed from the benefits package?* About 36.5 percent of respondents answered this question, perhaps indicating that the majority did not want to see anything removed from the current package.

1. Of the 340 responses, the majority strongly indicated they did not want to see any more cuts or reductions in our benefits.

#63 "While I don't need some of the benefits offered. I think it is important to have a full suite of benefits for people at all life stages."

#85 "MTU is already making industry look good. If you cut more, how will you keep good employees?"

2. The remaining comments showed that if any benefits were to be cut, the TechFit program was the only one mentioned with any frequency. The reasons given: don't participate, taxed if you do participate, inconvenient times of programs, money saved could be used to elsewhere. The key point here is that any reductions should be used to strengthen other (core) benefits. If so, then more people could afford to pay for TechFit.

#5 "Fitness benefits are not as "necessary" as health and insurance benefits. Folks can do fitness activities if that is their priority.....The university could save money and use it in other areas of healthcare/benefits"

#628 "Maintain a strong core (the stuff everyone uses). So keep health. life and retirement. Provide the coverage and benefits that everyone needs to have a quality life..."

3. Other comments show that employees are interested in cafeteria style plans that let you pick and choose from a group of options. While Michigan Tech already has a "cafeteria" plan (choices between at least one taxable and one qualified income deferred benefit) in place, some of the comments reflect a desire for more choices within the package to reflect their individual situation. A benefit is only a benefit if you choose to accept it or participate in it. They are looking for an alternative to simply not participating in it.

#546 "I would like more control on what the money goes toward for myself. If Tech is spending \$10,000 on me in benefits I don't utilize, allow me the ability to put more of that money into a different category..."

#260 "I would like to see TechFit be an option for employees. Not everyone takes advantage of TechFit. So, why not give them the option of taking TechFit, giving them a raise, or adding money into their HSA account. TechFit is a nice option for those that use it..."

#806 "Maybe each employee could have a block amount to choose from whatever current benefits are offered and pay for additional benefits beyond that amount. We could customize coverage to reflect individual needs as to our age, family situation, etc."

4. Additional comments dealt with the number of dependents that we cover in our health plans. There is a feeling that people with multiple dependents should pay for the additional people covered, especially since having a higher number of dependents covered was listed as a primary reason for MTU having higher healthcare costs versus benchmark in our Health and Wellness roadmap. Additionally, due to a steady erosion of

our benefits in the last five years, employees do not want to see further cuts and reductions in our benefits, would like to see our core benefits strengthened and would like more options within the benefits package.

#449 "Limit how many dependants the university will cover. Say, no more than six. I understand people's choice to have big, huge families, but the university should not be obliged to pay for that many dependants for one employee. if both parents work at Tech, that might be different. Its simply too expensive to be paying healthcare for 10 kids."

Question 30 What, if anything, could Michigan Tech do to help you improve your health and/or your access to health care? Just under 50 percent responded to this question. The responses to question 30 fell mainly into three major categories: HSA/PPO, Exercise and Fitness, and Healthcare.

HSA/PPO – There is support for keeping the PPO plan and reducing the deductible. Any contributions to the HSA plan would help, even just a small amount, and would curtail the feeling the lost contributions were a pay cut. Respondents commented that they are delaying healthcare because of the high out-of-pocket costs.

Exercise/Fitness – Respondents want more control over their TechFit benefits and to have it offered more than once a year. Many desire to have free or discounted access to campus fitness locations (PLGC, Mont Ripley, Tech Trails) with the SDC being the most mentioned. Not everyone can get away for exercise at the SDC (time/cost prohibitive) and do not feel comfortable working out in a student environment, hence a faculty/staff-only fitness center on lower campus is desired.

Healthcare – Respondents desire the option to spend only a portion of their vision benefits at a time instead of the whole allotment at one time. Yearly on-campus health screenings or flu shot clinics would address the limited time available to some faculty and staff. Instead of delaying healthcare visits, full coverage of preventive screenings could catch something early and curtail long-term costs. Many respondents felt healthcare benefits costs should be a sliding scale based on salary: \$30,000 is not the same as \$100,000.

Responder # 409 – “Right now there is a reluctance to get some less urgent health checks because of the high deductible for the HSA (e.g. not scheduling a physical therapy appointment that would help with leg pain, but isn't essential). Contributions from Tech to the HSA account could go a long way in overcoming this.”

Responder # 817 – “I really can't afford to have my healthcare coverage continue to increase in cost each year without a salary increase to cover that. This year my take home pay is less due to having to pay for parking.”

Responder # 803 – “Don't force me to choose between money or health.”

Responder # 855 – “I am in good health and believe Tech benefits have contributed to that. Over the past five years, I have had two expense procedures where my co-pay out of my HSA was not a burden. The Tech trails and Tech Fit are very helpful to get me out hiking and skiing.”

Responder # 928 – “I don't feel it is MTU's responsibility to help me improve my health. Our access to affordable quality health care is limited by our location and expertise in our area.”

Responder # 131 – “Stop the steady reduction in benefits that result in more OOP \$\$ for employees. Combined with no raises, it is a double whammy.”

Responder # 191 – “Stable and consistent program scope and coverage. Changes always complicate the interactions with health care management.”

Responder # 196 – “Have someone on campus...not downtown..that can answer health care questions quickly and in person...not by email.”

Responder # 225 – “Telling us how we can "shelter" thousands of pre-tax dollars in an HSA is only useful if you have the money to put in an HSA.”

Responder # 361 – “I would like to see the university contribute to the HSA for those that participate. We helped the university save thousands of dollars by choosing this plan and are now being penalized for it.”

Responder # 855 – “Change my attitude. I used to be a dedicated hard working employee, but the administration has removed all incentive to be good and convinced me that this is just a job.”

Responder # 855 – “Cut administrative positions by 50% for starters.”

Question 31 What, if any, additional feedback do you have on fringe benefits issues such as ease of use, customer service of providers or the Benefits Office, etc.? Just over 38 percent responded to this question. The most common response to this question were that tests, prescriptions, and treatments have been deferred because of cost. Many suggested that fringe changes should be a percentage of salary instead of the current regressive system. Also, it's not surprising that many called for reducing the deductible and out-of-pocket costs. On a positive note, the Benefits Office staff was cited often for being helpful, but frequent changes in plans a big hassle. Open enrollment software can be opaque (e.g. what is the difference between Dental 1 and Dental 2?). One person asked that the Benefits Office staff act more like a customer assistance office (e.g. providing advice on plan choice) rather than a referral service.

Regarding the changes to medical benefits, the increased cuts are really hurting staff. They're taking home less money than they did several years ago. Many noted that they came to MTU not for the salary, which was subpar, but for benefits. If cuts continue, some stated they may have to leave MTU. Unfortunately, simply allocating a few percent for raises each year is not going to alleviate these problems because the increased medical costs amount to thousands of dollars.

Below are some of the key responses and summaries prepared by FBC member Donald Beck.

“Don't get rid of PPO. If it goes, I may go. Its absence will make it harder to hire.”

Need pill coverage in HSA (HDHP) plan (my cost is \$3,000). Restore MTU contribution. Too much paperwork in this plan. Webpage wouldn't work on my computer. Trying to get funds into HSA before going to Drs.

Compare (and publish) hospital prices for same procedure (e.g. MRI)

Move Benefits back to main campus. Increase Tech Fit support and make it more flexible (e.g. online Weight Watchers).

Increase opt out to \$500 (from \$150) and provide alternative if both spouses are benefits-eligible employees of Michigan Tech.

Vision plan: allow the \$350 to be spent in pieces; local doctors won't accept it. Allow on-line purchase of glasses-it's cheaper.

Dental Plan: Can't get an answer as to reimbursement for out of network dentists. Many local dentists don't participate or accept the "standard" rate plan pays.

Parking: Change made without consultation. That was disrespectful. A parking "empire" is being built. Parking is only charged for central campus.

Retirement- Liked 5-5-5 program. Keep RSVP-if it goes, I go.

Flex-time: Too easy to deny request. Could be used for SDC winter access during work hours.

Recommendations

Based on the results of the survey, the Fringe Benefits Committee makes the following recommendations:

1. Do a cost/benefit analysis of salary increases based on flat dollar amounts as opposed to percentages to help lower paid employees handle the increased costs of benefits. An alternative would be to give serious consideration to implementing a system of fringe benefits with employee costs tied to a percentage of salary.
2. Add a longevity pay component for professional staff to recognize the value of experience. The amount should be significant enough to make a difference, i.e. 1% of salary at five-year increments.
3. Provide free access to the SDC for university employees, or provide a faculty/staff fitness center on the lower campus. Additionally, provide free access to the Michigan Tech Trails, Portage Lake Golf Course, and Mont Ripley. If free access is not possible, offer employees a drastically reduced rate to access these facilities. One suggestion was to develop something similar to the Experience Tech fee for employees and their families. Do not limit TechFit to campus facilities as some do not want to exercise with students or in group settings. Work with local businesses to offer deep discounts on exercise equipment such as elliptical machines, treadmills, bicycles, etc.
4. Thoroughly research the impact of eliminating the PPO plan for those families who rely on it for prescriptions. Also, what will be the impact on those currently in the HDHP if you have to begin charging a premium because of the 80/20 rule? If 54 percent are

already delaying health care because of high deductibles and co-pays, this situation will only worsen if the PPO is eliminated.

5. Explore and release data to the University Senate regarding the participation rates in the 7.5%/7.5% retirement plans, e.g. how many people contribute the full 7.5% to obtain the full match. Use this information to tailor more effective plan design. Additionally, since the 7.5/7.5 and 5/5/5 plans were the result of a prior study five years ago to equalize the salary/benefits issue of being too high in benefits and too low in salary versus our benchmark institutions, we need to know where we stand currently in these areas and whether the original purpose was achieved.
6. Implement and maintain a per dependent rate schedule for health insurance coverage so premiums are determined based on the number covered.
7. Consider developing a paid time off policy equivalent to the current level of vacation and sick time allowed that would incorporate the ability to trade time not used for additional salary at the end of the year.
8. Consider moving the Benefits Office back on campus. Several respondents indicated issues with having to take time off to access in-person assistance. Non-exempt staff do not have the same flexible schedules as faculty and exempt staff.
9. Work to attract an orthodontist to the Houghton/Hancock area. The lack of a specialist has resulted in many additional sick days off and the added cost of travel and probably added cost of services.
10. Conduct a cost/benefit analysis of providing free tuition for employee families.
11. Implement a program whereby faculty and staff can obtain degrees from other accredited institutions under the same requirements as the current program. Some staff in particular would benefit from obtaining advanced degrees in disciplines not offered at MTU.
12. It is clear from the short answer responses that many employees do not understand the details of their benefits package or the legalities of public sector benefits in Michigan. While each person is responsible for understanding the compensation package, many do not have the time, educational background, or financial acumen to make sophisticated decisions about retirement choices, HSA accounts, etc. To help employees, the FAQ sections on the Benefits website need much more detail, tailored to employee needs (many employees do not even know what questions to ask). Additionally, rather than schedule random "Lunch-n-learns" on such topics as investments, have these representatives make presentations at union meetings, staff council meetings, etc. Perhaps they could be offered at the college or department level as well. Many times, such sessions are not scheduled at convenient times. Finally, be very explicit, verbally and in writing, about changes to existing benefits. Sometimes even small changes can have a drastic impact on a person's situation, e.g. the EyeMed fiasco of forcing people to use all of their vision benefit at one time for a two-year period.