

Benefits History Report

February 6, 2019

Fringe Benefits Committee

Peer Institutions

In-state:

- Ferris State University
- Michigan State University
- Northern Michigan University
- University of Michigan
- Wayne State University

Out-of-state:

- California Polytechnic Institute
- Carnegie Mellon University
- Colorado School of Mines
- Georgia Institute of Technology
- Missouri University of Science & Technology

Selected for in-state and out-of-state, similar attributes and aspirational attributes.

Data Sources

1. 2016 Survey Fringe Benefits Committee
2. Employee Benefit Research Institute
3. 2016 Compensation Task Force
4. 2015 Salary Comparison Report by the Financial and Institutional Planning Committee
5. Peer institution websites

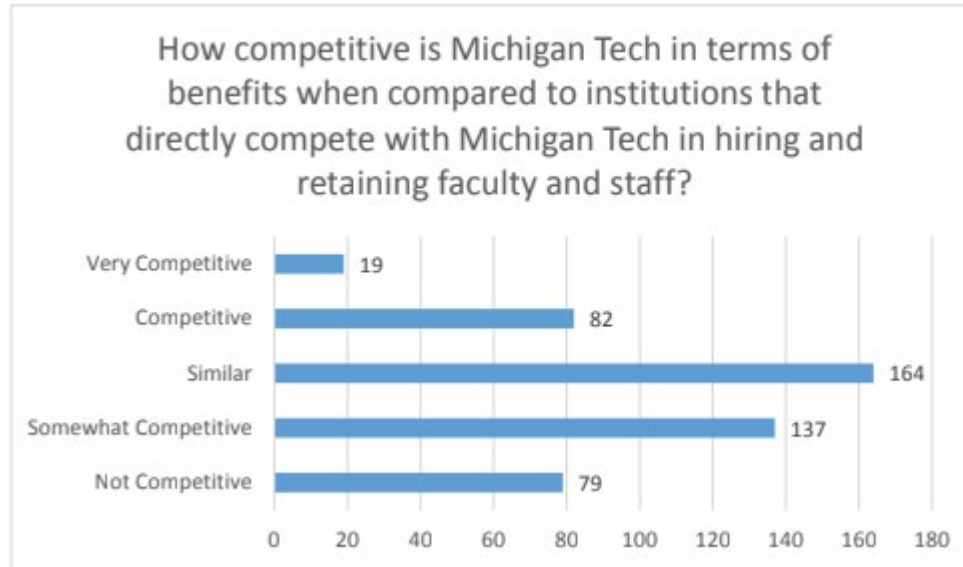
2016 Fringe Benefits Committee (FBC) Survey

- 536 total survey respondents
- Asked age, position at Michigan Tech, household income, years at Michigan Tech, insured dependents, and health plan
- Asked about importance, competitiveness, concern, and satisfaction around benefits, salaries, transparency, and procedures.
- Asked about specific benefits including: healthcare, TRIP, parking, SDC fees, and childcare.

If interested in the full results, [a survey report can be found here](#).

Brief Highlights of 2016 FBC Survey

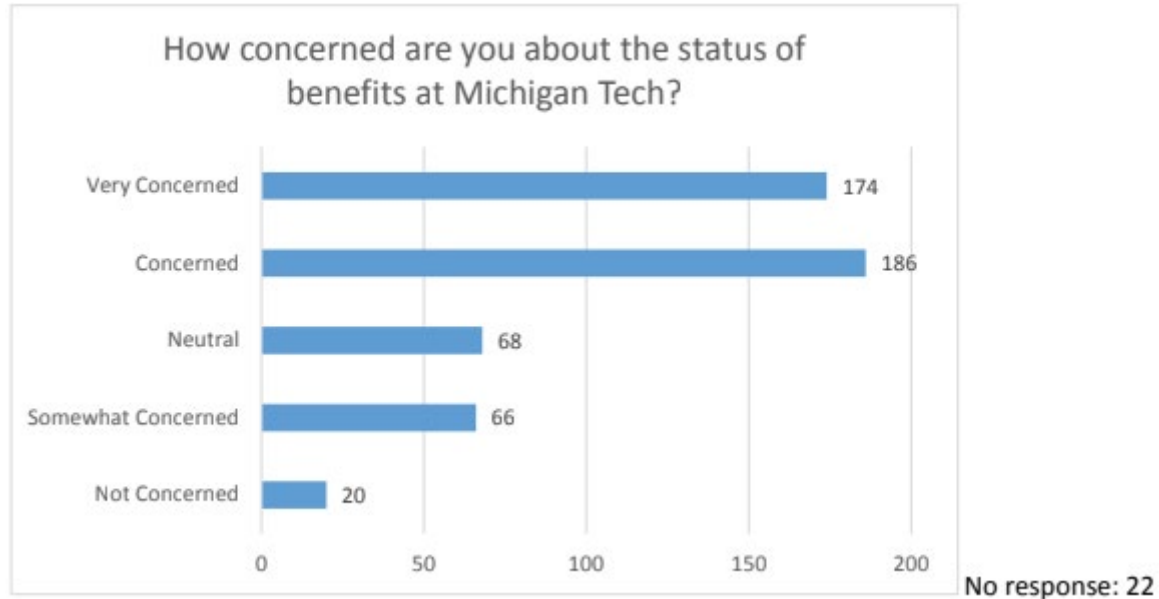
([full benefits survey results can be viewed here](#))



No response: 55

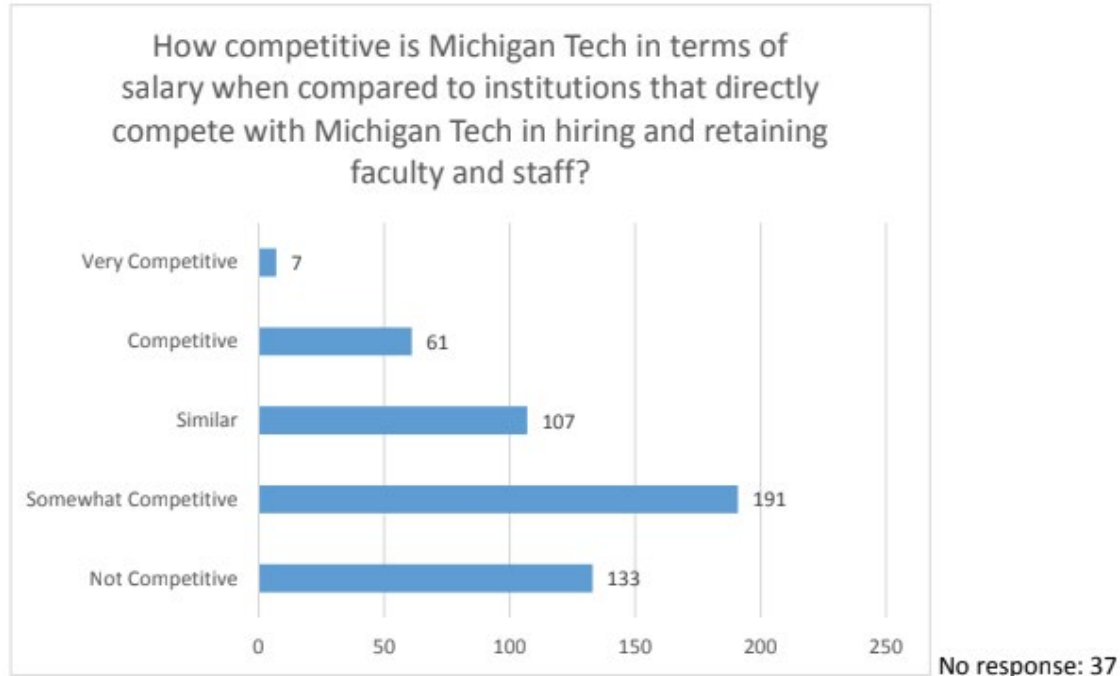
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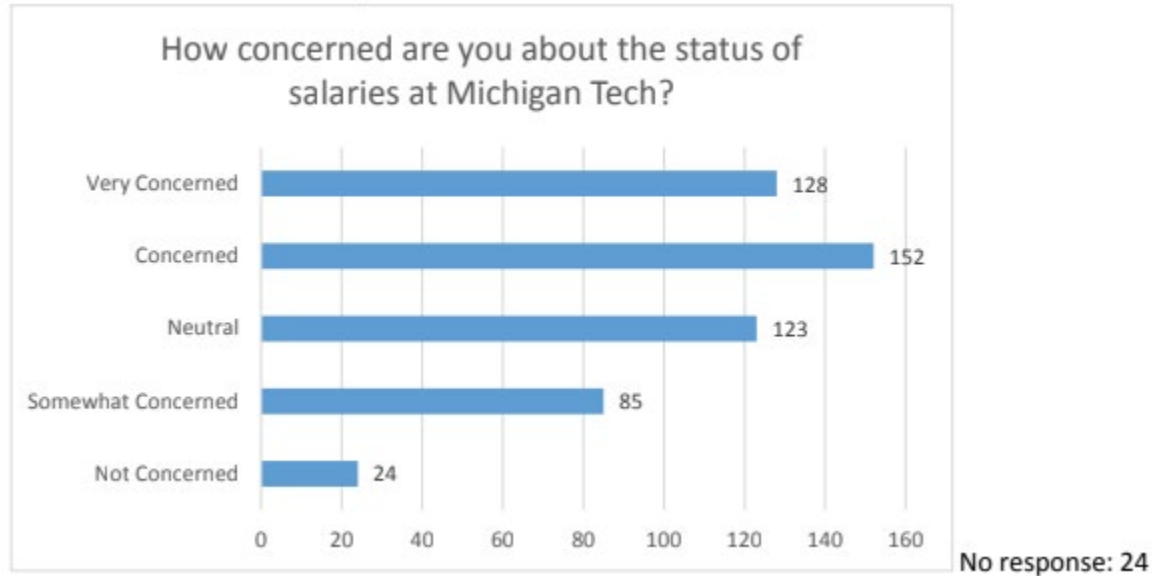
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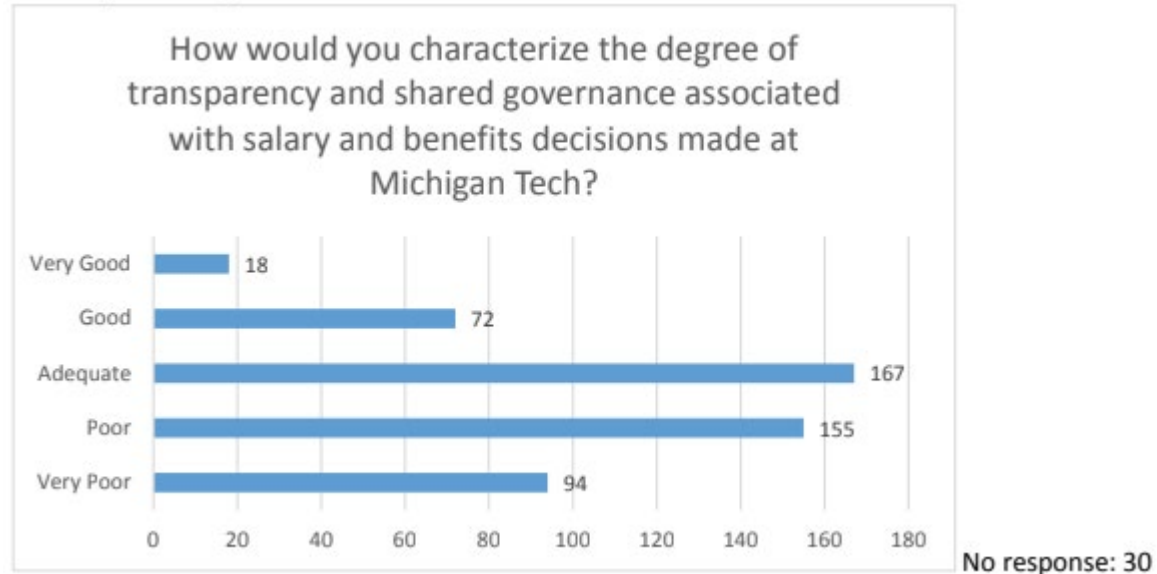
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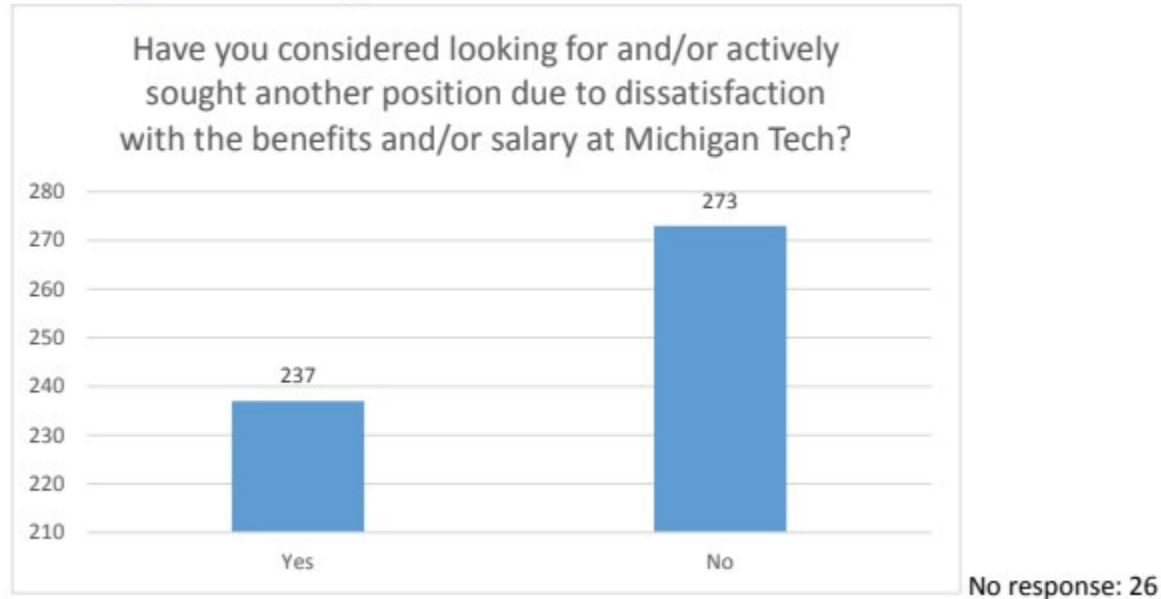
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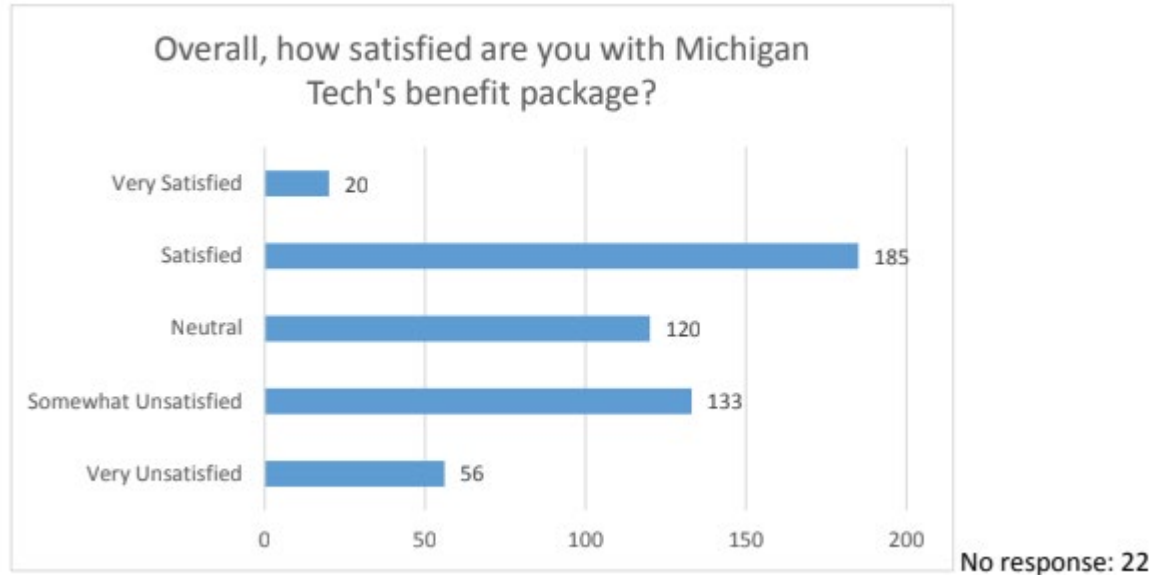
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Cost of Living

Overall cost of living in Houghton is comparable with state and national averages for typical expenses, especially when accounting for differences in housing costs.

Living Wage: ~ income to meet families needs

U.S. avg. Living Wage \$66,842
8.6% higher than Houghton County

MI Living Wage \$2836 Higher than Ho. County
65% of difference is in Housing costs

Housing based on HUD FMR calculation

Median owner cost w/ mortgage per month:
MI \$1242, Hough. Co. \$946, Difference of \$296

Avg. Electric Rate Hough. 19.36 ¢ kWh
37% > MI avg. of 14.13 ¢ kWh
63% > National avg. of 11.88 ¢ kWh

Basic Expenses Family of 4	Michigan	Houghton	Difference
Food	\$8975	\$8975	\$0
Childcare	\$12449	\$12211	\$238
Medical	\$5274	\$5179	\$95
Housing	\$10009	\$8172	\$1837
Transportation	\$11067	\$10868	\$199
Taxes	\$9911	\$9564	\$347
Other	\$6684	\$6563	\$121
Total	\$64370	\$61534	\$2836

Review of Salary/Wages: Recent History and Comparison

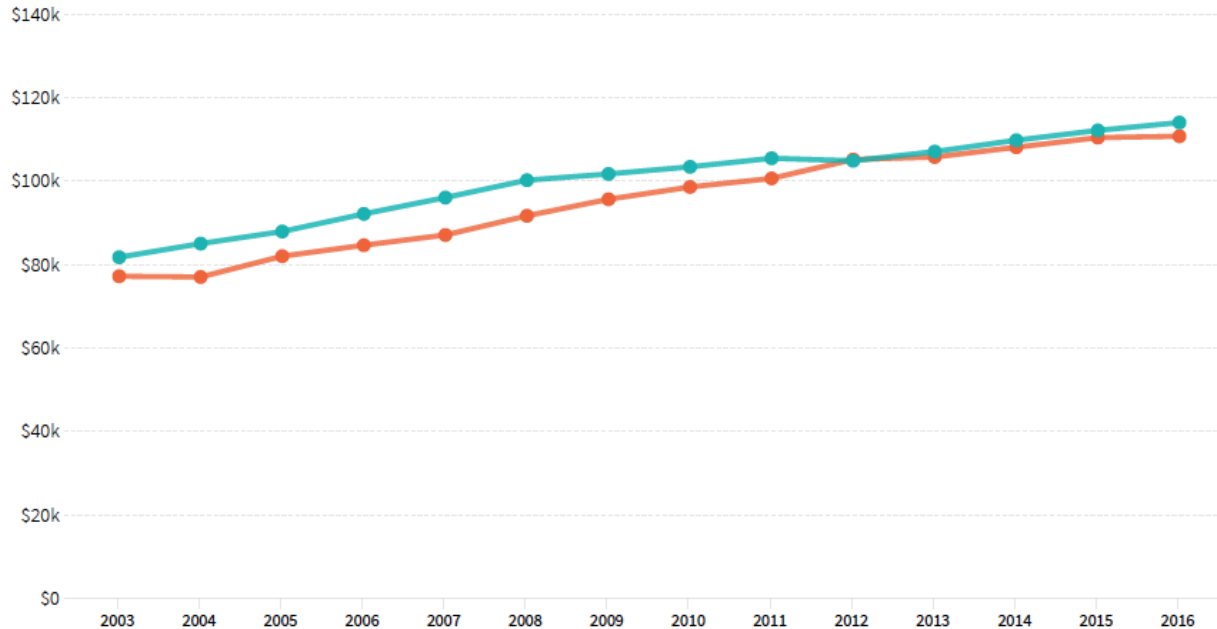
August 2016 Compensation Task Force Report is a source for this section:

<https://www.mtu.edu/president/reports/compensation-2016.pdf> Focus on salaries and raises.

September 2015 Salary Comparison Report from the Senate Financial and Institutional Planning Committee (FIPC) is a source for this section (slideshow from the Senate).

In general the information indicates that wages at Michigan Tech have followed the national trend, with staff and part-time faculty wages being flat or stagnant in terms of real income. The full-time higher salary faculty have had some real growth in family income, although just enough to put them on par with our peer institutions.

Michigan Tech Faculty Salaries compared with U.S. research institutions



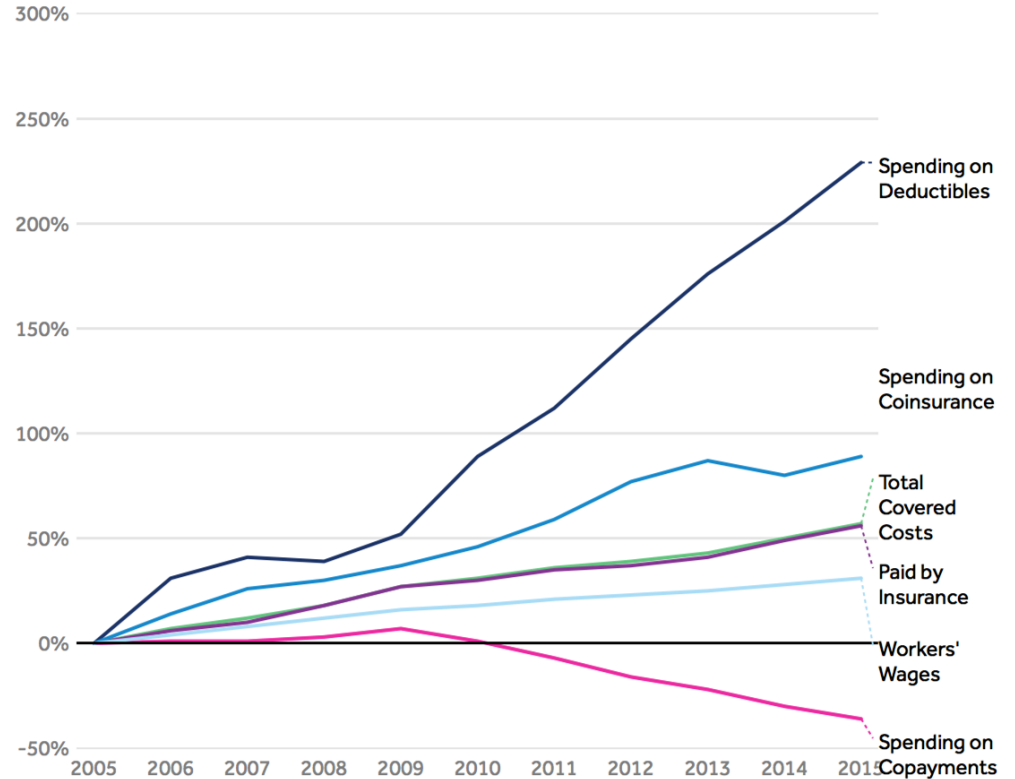
Healthcare Benefits

Healthcare benefit costs are being shifted to the employee at Michigan Tech.; however, this is generally in line with national trends.

Actual out of pocket and total plan costs have varied considerably from 2008 through 2017. The specifics define the magnitude of the impact. All plans and configurations are more expensive than before, in line with national trends.

Eg. For a typical family of four, *worst-case* annual healthcare benefit costs would have changed from \$2,960 in 2008 to \$11,472 in 2017, an increase of **288%**. In terms of percentages, *better-case* costs from 2008 through 2017 would result in even greater percentage increases but at lower total costs.

Cumulative increases in health costs, amounts paid by insurance, amounts paid for cost sharing and workers wages, 2005-2015
(Source: Kaiser Family Foundation analysis of Truven Health Analytics MarketScan Commercial Claims and Encounters Database, 2005-2015; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2005-2015 (April to April).)



Dental/Vision Benefits

Three periods: 2008-2010 / 2011-2012 / 2013-Present

Primary changes were movement toward fixed individual premiums in 2011 and decoupling of dental and vision benefits in 2013

Two Important Results:

1. Progressively higher premium increases for households with more insured individuals
2. Significant overall cost increases for the Husky Dental 2 plan w/ or w/o Vision

	Husky Dental 1		Change	Change (+Vision)	Husky Dental 2		Change	Change (+Vision)
Persons Covered	Cost per Year 2008 – 2010	Cost per Year 2013-2017 (+Vision)			Cost per Year 2008-2010	Cost per Year 2013– 2017 (+ Vision)		
1	\$108.00	\$84.00 (+\$24)	- 22.2%	0%	\$48.00	\$60.00 (+\$24)	+ 25%	+ 75%
2	\$228.00	\$168.00 (+48)	- 26.3%	- 5.3%	\$96.00	\$120.00 (+48)	+ 25%	+ 75%
3	\$276.00	\$252.00 (+\$72)	-8.7%	+ 17.4%	\$120.00	\$180.00 (+\$72)	+ 50%	+ 110%
4	\$312.00	\$336.00 (+\$96)	+ 7.7%	+ 38.5%	\$144.00	\$240.00 (+\$96)	+ 66.7%	+ 133.3%
5	\$312.00	\$420.00 (+\$120)	+ 34.6%	+ 73.1%	\$144.00	\$300.00 (+\$120)	+ 108.3%	+ 191.7%
6	\$312.00	\$504.00 (+\$144)	+ 61.5%	+ 107.7%	\$144.00	\$360.00 (+\$144)	+ 150%	+ 250%
7	\$432.00	\$588.00 (+\$168)	+ 36.1%	+ 175%	\$192.00	\$420.00 (+\$168)	+ 118.8%	+ 206.3%

Institution <small>(All data are from 2016-2017 and represent the least cost coverage options)</small>	Dental Single / Family	Vision Single / Family	Total Cost per Month Single / Family
Cal Poly	\$0 / \$0	\$0 / \$0	\$0 / \$0
Colorado Sch. Mines	\$0 / \$0	\$6.36 / \$17.31	\$6.36 / \$17.31
Carnegie Mellon	\$28.92 / \$92.64	\$1.06 / \$6.36	\$29.98 / \$99.00
Georgia Tech	\$18.00 / \$60.42	\$6.38 / \$18.84	\$24.38 / \$79.26
U. of Missouri	\$14.76 / \$50.58	\$5.59 / \$19.26	\$20.35 / \$69.84
Ferris State	Cost Included in Health Plan	Cost Included in Health Plan	Cost Included in Health Plan
U. of Michigan	\$0 / \$0	\$8.38 / \$22.72	\$8.38 / \$22.72
Michigan State	\$0 / \$0	\$3.15 / \$10.68	\$3.15 / \$10.68
Northern Michigan	\$0 / \$22.40 (2 persons = \$0)	\$0 / \$0	\$0 / \$22.40 (2 persons = \$0)
Wayne State (12 or 9 mo. contract)	\$6.76 or \$9.00 / \$22.60 or \$30.12	\$2.32 or \$3.08 / \$6.42 or \$8.54	\$9.08 or \$12.08 / \$29.02 or \$38.66
Michigan Tech	\$5.00 / \$20.00 (Family of 4)	\$2.00 / \$8.00 (Family of 4)	\$7.00 / \$28.00 (Family of 4)

Retirement Benefits

Nationally, dramatic shift away from Defined Benefit Plans. Too expensive and underfunded.

National estimates of $\approx 50\%$ of US employees over the age of 59 have insufficient or no savings for retirement

Michigan Tech's 1:1 match contribution is simple and straightforward compared to peer institutions, but puts the onus on the employee to generate contributions.

Total contributions are inline with eight of the ten peer institutions. We are the only university in the list of peer institutions with a 1:1 match without a base contribution or DBP.

It is more expensive to Michigan Tech employees to have the same amount of retirement savings than employees at the peer institutions.

Michigan Tech Retirement History

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Michigan Tech	2% Employee Cont 12.55% MTU Cont	→	5-5-5 Matching Program OR 7.5% MTU Cont		7.5% MTU Cont	→				

Retirement Benefits Among Peers

Institution <i>All measures to the right are from 2016</i>	Defined Benefit Plan	Employee Contribution	Defined Contribution Plan	Univ. Base Contribution	Employee Percentage	Matching Percentage
Ferris State University	No			12.0%		
Michigan State University	No			0.0%	5.0%	10.0%
Northern Michigan University	No			6.5%	5.0%	5.0%
University of Michigan	No			0.0%	5.0%	10.0%
Wayne State University	No			0.0%	5.0%	10.0%
Cal Poly	Yes	5%				
Carnegie Mellon University	No			8.0%		0.0%
Colorado School of Mines	Yes	8%	Yes	0.0%		0.0%
Georgia Tech	Yes	6%	Yes	11.5%	6.0%	0.0%
Missouri University of S&T	Yes	1%	Yes	2.0%	3.0%	3.0%
Michigan Tech	No			0.0%	7.5%	7.5%

Additional Benefits

Additional Benefits at Michigan Tech seem to be following the national trends, and have overall increased in options and benefits over the past decade.

Additional Benefits are similar to what our peer institutions are offering their employees.

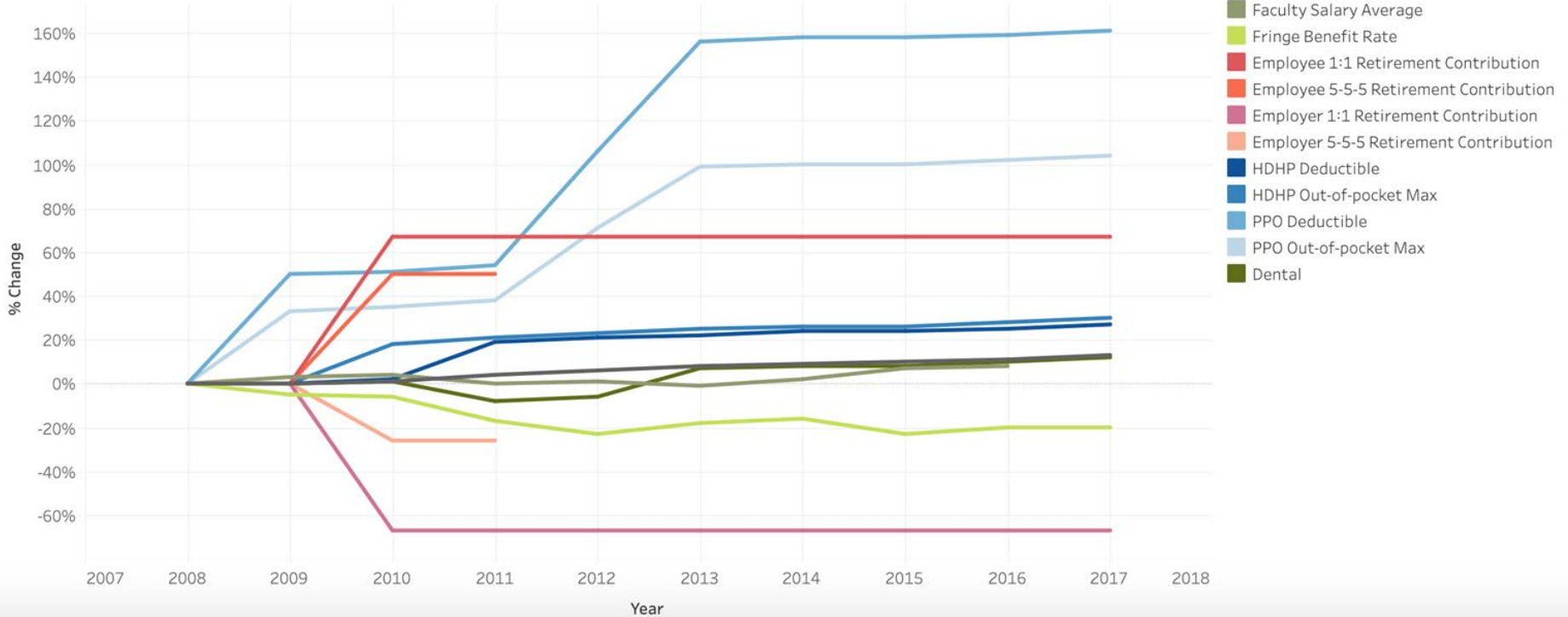
While Michigan Technological University is not leading in terms of most Additional Benefits, it does offer a time-off policy that is at the higher end of spectrum, and it does offer a Parental Leave policy that is in the forefront of its peers.

In other areas, such as the Tuition Reimbursement Incentive Policy, it is comparable to many other State Universities, but is less than many other peers.

Overall, these Additional Benefits might not sway Faculty and Staff to leave for other institutions, however neither will they be a cause to remain.

% Change Over Time

Sheet 1



Conclusion

This report documents how employee benefits at Michigan Technological University over the period from 2008-2017 have declined, how employee costs for benefits have increased, and how wages have not kept up with these increased costs.

The primary drivers behind the trend in declining benefits and increasing employee costs are rising health insurance costs, the increasing cost of medical care and prescriptions, and declining retirement benefits..

University costs related to medical benefit expenditures and total employee benefit costs to the University have declined over this period when adjusting for inflation. This means that faculty and staff have absorbed the majority of these rising costs.

Table 9. Medical benefit claims paid by Michigan Tech (fiscal year based on audited financial statements, net of employee premiums). (Source: *University Senate Financial Overview*, University Senate, Michigan Technological University, December 2018).

Fiscal Year	Actual Expenditure	Expenditure in 2008 Dollars
2008	\$13,875,743	\$13,875,743
2009	\$13,980,633	\$14,339,530
2010	\$14,310,670	\$14,302,470
2011	\$14,748,919	\$14,503,570
2012	\$15,735,827	\$15,034,420
2013	\$14,377,991	\$13,521,240
2014	\$12,498,807	\$11,571,370
2015	\$14,475,538	\$13,413,780
2016	\$13,333,124	\$12,188,150
2017	\$14,691,242	\$13,101,000

Table 10. Total employee benefit costs to Michigan Tech. (Source: *University Senate Financial Overview*, University Senate, Michigan Technological University, December 2018).

Fiscal Year	Payments for Benefits	Expenditure in 2008 Dollars
2008	\$35,802,819	\$35,802,819
2009	\$35,859,251	\$35,848,551
2010	\$34,709,950	\$33,811,795
2011	\$35,124,359	\$33,666,101
2012	\$37,803,478	\$35,204,191
2013	\$34,740,933	\$31,844,345
2014	\$34,132,400	\$30,800,231
2015	\$36,256,688	\$32,746,395
2016	\$36,428,782	\$32,456,176
2017	\$38,852,584	\$31,771,361

Conclusion

This report also documents how University support for the current defined contribution retirement plan has decreased substantially over the past decade (41%), to the point where many peer institutions provide more competitive retirement plans.

Related to staff and faculty salaries in terms of real income, wage increases that have occurred have not kept up with inflation, let alone the trend of increasing cost of benefits shifted to employees.

If Michigan Technological University wants to attract skilled faculty and staff, and then retain that talent, the Total Compensation Package should be strategically evaluated and upgraded where possible.

Conclusion

To remain competitive in the increasingly challenging environment of higher education, a high quality, productive, and dedicated staff and faculty will be critical; suggesting that in addition to addressing concerns related to core benefits and salary/wages, a broader, more inclusive perspective on benefits will be important going forward. Addressing issues related to recruitment, retention, and employee satisfaction in a holistic, and creative manner, is critical if we are to meet the challenges of the future.