

## Budget and Faculty Welfare Committee 2005-2006 Summary Report

Jeanette Norton, Chair, Agriculture [08]	John Kras, Education [06]
Kathryn Fitzgerald, Vice-Chair, Senate [06]	Irvin Nelson, Business [07]
Jim Bame, HASS [08]	Vicki Allan, Science [07]
Dan Davis, Libraries [06]	Lori Roggman, Senate [07]
Gene Schupp, Natural Resources [06]	Blake Tullis, Engineering [07]
Larry Hipps, Senate alternate, [07]	Adrie Roberts, Extension [08]
Stephen Bialkowski, past Chair off-campus as of January 2006 [06]	

This report covers the activities of the BFW committee since the last summary report in March 2005 through January 2006.

Meetings: 2005: March 22, April 12, September 28, October 25, November 30; 2006: January 31

### Facts and Discussions:

The Budget and Faculty Welfare committee is concerned with budget matters, faculty salaries, insurance programs, retirement benefits, sabbatical leaves, consulting policies, and other faculty benefits.

The duties of the Budget and Faculty Welfare Committee are to: (1) participate in the budget preparation process; (2) periodically evaluate and report to the Senate on matters relating to faculty salaries, insurance program, retirement benefits, sabbatical leaves, consulting policies, and other faculty benefits; (3) review the financial and budgetary implications of proposals for changes in academic degrees and programs, and report to the Senate prior to Senate action relating to such proposals; and (4) report to the Senate significant fiscal and budgetary trends which may affect the academic programs of the University.

Main items discussed at recent meetings include:

1. Formation, participation and reports related to the Employee Benefits Advisory Board
2. University budget discussions and impact of enrollment shortfalls
3. The financial and resource impacts of several academic program changes
4. Faculty Benefits their present status, future cost increases, and new incentives for effectively and efficiently using resources
5. Domestic Partner Benefits proposal

The results of BFW Committee actions may be found in the committee minutes published within the USU Faculty Senate web pages. A short summary of our actions and findings are given below.

### *Changes in BFW operation*

The BFW committee has become more involved in committees that are advisory to decisions affecting faculty benefits. We now have representation on the Employee Benefits Advisory Board (Jeanette Norton, Irvin Nelson, Jim Bame) and participate in formulating changes in faculty benefits including health and retirement. BFW has initiated dialog with Vice President for Finance Glen Ford to improve participation in the budget process. The BFW committee feels

that these improvements are responsive to our request to President Albrecht of May 2, 2005 requesting improved faculty input on budget and faculty welfare issues.

#### *Budget discussions with VP Glen Ford*

A strategic approach is needed for long-term financial health of USU. In fall 2005 there was an unexpected 3.5% budget cut to departments, primarily as a result of lower than expected student enrollments. Currently there is an \$8.6 million structural operational deficit at USU including \$4.6 million from previous years' budget shortfalls. Efforts to reverse enrollment declines include a bill submitted to the legislature funding residency waivers for local out-of state students and continued funding support for admissions and recruitment activities. Institutional support fees from branch campuses will be negotiated and hopefully continue. Tier II tuition increases may also be considered as necessary. No decisions will be made for next year until after the legislative session ends in March 2006.

There has been no state access money since 2003 and BFW members were concerned that this information had not been adequately or timely communicated to faculty and departments. Some departments were still operating under the assumption that graduate student enrollment was being reimbursed through access funds. Further budget discussions are planned for late spring 2006.

#### *Summary of academic program review*

The BFW Committee examined the financial implications and impacts to faculty of several new programs or degrees. The results of the BFW Committee discussions were communicated to EPC or its representative and are on record in the minutes. The BFW Committee assumes that financial problems found by BFW would be addressed before programs are approved by EPC. The committee clarified that name changes do not need to be approved by BFW since there is presumably no impact on budget or faculty welfare issues. The BFW committee resolved that that distance education programs that jeopardize the accreditation of on-campus programs not be supported. Support of these programs may negatively affect the long-term financial stability of the university, its on-campus programs, and the faculty who teach in these departments. This motion passed unanimously (Feb 22, 2005).

#### *Health Benefits*

In spring 2005, the BFW was concerned regarding imbalance between costs and premiums of the health coverage plans. The white-plan subsidizes the costs of the blue-plan although overall premiums account for only 5% of plan revenues. A suggestion from BFW that the respective premiums should be changed to more closely reflect differences between plan income and expense was not incorporated into the plan designs available for the 2005-2006 plan-year. Further discussion and input on plan design for 2006-2007 is ongoing through the EBAB committee. Promotion of a wellness program for USU employees and instituting incentives for the conservation of health benefits funds through the use of generic prescriptions were strongly supported by the BFW committee. Continued increases in medical and prescription costs to the plan exceed expected funding from the state and will likely result in increased costs to employees. The committee is concerned that increased costs for health benefits will offset potential gains in faculty compensation.

### *Domestic Partner Benefits Proposal*

The issue of health benefits for domestic partners was referred back to the BFW committee from faculty senate on December 5, 2005. The Budget and Faculty Welfare Committee has overseen the posting to the Faculty Senate website of the information the Senate requested. (See Domestic Partners on the Faculty Senate webpage). The BFW has further investigated the question of costs and although the actual cost to add dependent coverage for same-sex domestic partners is difficult to estimate with certainty, it is clear that the cost would be small in relation to the overall cost of the health plan. The BFW committee only considered cost information for “health benefits to same-sex domestic partners of Utah State University faculty and staff” as requested by the proposal, and did not address the cost of other benefits (e.g. bereavement leave, half price tuition for spouses, health benefits for dependent children of domestic partners, etc.). Such potential additional benefits were not included in the specific proposal under consideration. The most-current version of the domestic partner proposal is available on the faculty senate website. The BFW discussed these issues at the January 31, 2006 meeting and has returned the issue to the faculty senate for their consideration.

#### **Recommendations or actions needed:**

- 1) We recommend that a plan to receive periodic budget updates from either the Controller or the Vice President for Finance be formalized. This will promote BFW participation in the budget preparation process and allow the committee to report to the Senate significant fiscal and budgetary trends which may affect the faculty welfare.
- 2) Through EBAB, design considerations for health plans that will help to correct imbalances between white and blue plans will be made as early as possible before the open enrollment period. Adding incentives for wellness and efficient use of funds are highly recommended.
- 3) The issue of health benefits for same-sex domestic partners of USU employees is returned to the faculty senate for consideration. The committee agreed that employee benefits are a significant part of the overall compensation package that faculty consider during retention and recruitment decisions. The BFW committee believes the direct cost of offering health benefits to domestic partners would be relatively minor.
- 4) The BFW will meet in August 2006 so that review of academic programs needed for the EPC can proceed in a timely manner.