



## Report of the 2015-16 Financial Affairs Committee of the Faculty Senate (April 6, 2016)

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- 1) *Based on current information and any other analyses that it may wish to undertake, the Committee is asked to make recommendations on appropriate merit and market adjustment increases for FY 2017. The Committee should present its recommendations electronically on these matters to the Faculty Senate Agenda Committee by 17 November 2015 for presentation to the Senate on 9 December.*

**Response:** A report dated 11/30/15 was sent to SAC and presentations were made to the Faculty Senate on Dec. 9 and on Feb. 17. All of the resolutions were passed by the senate.

Additionally there were some issues that should be resolved by next year's FAC:

- The match-mate data which comes from AAUP specifies that all full-time instructional staff is to be included in the data. Accordingly we have requested the Provost's Office to supply us with NU salary data which includes tenure and tenure-track faculty, teaching faculty, lecturers and Professors-of-the-Practice. This request is still pending.
  - It is suggested that an appropriate metric to account for the differential cost-of-living in different geographical areas be determined.
  - The appropriateness of our current match-mates should be investigated while accounting for academic quality, types of programs offered, area of the country, etc.
  - Data on median salaries as well as average salaries for our match-mates should be obtained. This data does not appear to be available through AAUP, although it may be available from other sources.
- 2) *The Committee shall review the existing benefit and compensation structure, analyze any changes proposed by the administration, including cost-sharing practices for medical, dental and life insurance, and propose possible changes, and determine the impact of proposed changes on faculty and staff; and*
  - 3) *The Committee shall investigate the possibility of changing the default for pension plans and subsidizing T-Passes.*

**Response:** FAC met with Kater Pendergast (Vice-President of Human Resources Management) and Tom Nedell (Senior Vice President for Finance and Treasurer) to discuss fringe benefits and other financial issues.

Health Insurance: Three different health insurance plans are available for individuals and for families. These plans are the Enhanced Plan, the Core Plan, and the High Deductible

Health Plan. The University contributes a dollar amount equal to 70% of the core plan toward health insurance with faculty and other employees paying the balance. Thus the employee pays for more than 30% of the enhanced plan but less than 30% of the high deductible plan. Some data was collected from five other Boston area universities, but HRM should conduct a more comprehensive study. HRM should also investigate two-person health plans (which exist at some other Boston-area universities), cash incentives for employees who opt-out of the NU group plan in favor of other plans (e.g. Medicare, spousal plans, etc.), and coverage for dependent children away at college at in-network rates.

Dental Insurance: The University offers two dental insurance plans for individuals and families. These are the Value Plan and the Value Plus Plan. The University contributes 70% of the premiums for either plan.

Retirement Plans: The University provides retirement benefits through 403B plans by TIAA/CREF and Fidelity. After a two-year waiting period the University contributes 10% of the employees' salary, provided that the individual contributes a minimum of 5%.

Other Retirement Benefits: In accordance with Resolution #4 of the FAC passed at the Dec. 9, 2015 Senate Meeting, HRM is looking into creating a health insurance group for retired individuals. Members of such a group may then be able to purchase insurance at a lower cost than they could as individuals. It is noted that until 1990 the university paid for major medical insurance for retirees.

Life Insurance: The University provides life insurance equal to twice the employee's annual salary with a 35% reduction after the age of 65 and a 50% reduction after the age of 70. Although this benefit is paid for entirely by the University, the employee is required by IRS to pay tax on the "imputed value" of this benefit above \$50,000 of coverage. For employees in excellent health the tax paid is comparable to the cost of a policy purchased privately (e.g. through SBLI). Employees do not have the ability to opt-out of this plan. Individuals have the option of purchasing extra insurance for themselves and for family members.

Childcare: The University provides child care through its Russell J. Call Children Center at a reasonable cost for the children of employees. The minimum age is 2 years and 9 months and the hours are limited. Indications are that the quality of care is excellent, but the lack of infant care is a concern. It is noted that backup care for children and dependent adults at very favorable rates has recently been made available through care.com.

Tuition Benefits: After a three-year waiting period, the University provides full tuition benefits to dependent children who are admitted to and attend NU. There are no benefits for students who attend other universities. With admission to NU becoming increasingly difficult, there is a potential problem of this benefit becoming unusable for some employees. However spring admission is often an option (after paying one semester's tuition through NU-IN). Also HRM does work with families to plan a strategy for admission to NU after successful completion of one or more years at another institution.

T-Passes: T-passes are available on a pre-tax basis up to \$255 per month. There had been a short-term program of subsidizing T-passes for some employees (at a time when there was a parking shortage), which was discontinued many years ago. It is recommended that a subsidy of T-passes be re-instated in order to reduce Northeastern's carbon footprint.

Long-term Care Insurance: It is suggested that HRM continue to investigate providing a long-term care insurance option for individuals/families to purchase at group rates. Currently insurers in Massachusetts are not providing this coverage to groups.

Miscellaneous: A comprehensive list of benefits is given at the HRM website: <http://www.northeastern.edu/hrm/benefits/index.html>. Similar information is also given at the following website which is run by the Office of the General Counsel: [https://www.northeastern.edu/policies/#Human Resources](https://www.northeastern.edu/policies/#Human_Resources), but in at least one instance this website had incorrect information. In order to avoid inconsistencies it is recommended that these sites be linked.

### **Resolution #1**

**BE IT RESOLVED** that Human Resources Management (hereafter HRM) periodically review Northeastern University's employee benefits in comparison to other Boston area universities and report its findings to the Faculty Senate. As part of this process HRM is requested to explore the creation of a two-person health insurance plan to supplement its individual and family plans, investigate the possibility of giving cash incentives to employees who opt-out of the group plan in order to join other plans (e.g. Medicare, spousal plans, etc.), and explore the possibility of including medical care benefits at in-network rates to dependent children while away at college. It is recommended that HRM report to the senate in January 2017 and every four years thereafter.

### **Resolution #2**

**BE IT RESOLVED** that HRM along with the Russell J. Call Children's Center explore the feasibility of including infant care. The costs and extra space required as well as the need and other implications should be determined. Alternatives such as cooperative arrangements with other day-care centers should also be explored.

### **Resolution #3**

**BE IT RESOLVED** that HRM explore the impact of subsidizing T-passes in order to encourage the use of public transportation and thereby reduce Northeastern's carbon footprint.

- 4) *The Committee is asked to make recommendations on University resource allocation and budget priorities.*

**Response:** While it is the prerogative of the President and the Provost to make decisions "regarding what investments best advance strategic initiatives and institutional priorities," ([Hybrid Budget Management](#); the hybrid RCM model at NU needs to "couple academic authority with financial responsibility" (<https://hybrid.neu.edu>). In order for faculty to participate in University-wide strategic initiatives and make informed recommendations to the Senior Leadership via the Faculty Senate's Committee for Financial Affairs, given its charge and responsibilities, needs access to considerably more financial data than is currently made available. Consequently, we propose the following two resolutions:

#### **Resolution #4**

**BE IT RESOLVED** that the university provide transparency in the operation of its Hybrid/RCM budget model with respect to its Cost Centers. In particular, the Allocated Costs of each of the Cost Centers and the total of all Allocated Costs for each of the last three fiscal years should be reported annually to the Faculty Senate and made available to the University's constituents.

#### **Resolution #5**

**BE IT RESOLVED** that the University provide transparency in the operation of its Hybrid/RCM budget model with respect to its Responsibility Centers. For each Responsibility Center, the data requested for the last fiscal year should include the total revenue (with a break-down among undergraduate and graduate tuition, externally funded research, giving, and other revenues), the total direct expenses, and the total amount of allocated costs paid to the university. This information should be reported annually to the Faculty Senate and made available to the University's constituents.

- 5) *Other priorities, to be determined by the Senate Agenda Committee, may be charged as they arise.*

None