

Human Resources Advisory Board (HRAB) Annual Report for 2009

1. Charge

The Human Resources Advisory Board serves to advise the Vice President for Human Resources, and other senior officers as appropriate, on resources and priorities with regard to human resources, personnel matters, and the strategic direction for human resource management. The Human Resources Advisory Board reviews and makes recommendations concerning policies, programs, and initiatives designed to support and promote the intellectual and professional development of the university's work force. The Board considers such matters as the training and support provided to staff and faculty serving in administrative roles; orientation and support for new members of the work force; and the promotion of a healthy community within and between departments. The Board reviews and makes recommendations concerning existing and proposed hiring and recruitment procedures and policies and compensation and benefits policies and programs for University faculty and staff. With regard to faculty benefits and awards, the Human Resources Advisory Board coordinates with, and does not duplicate, the work of the CFED (Committee on Faculty Equity and Diversity).

2. Organization and Membership

The HRAB is chaired by Karen L. Davis, Vice President for Human Resources, and staffed by Stephanie Altomari-Cavanagh, Human Resources' Department Manager and Assistant to the VP. Valerie Wilson, Associate Provost and Director of Institutional Diversity, and Janice Wright, Associate Counsel, serve as special advisors to the Board. Drew Murphy, Director of Benefits, serves as an ex-officio member.

The Board membership consisted of the following faculty members through June 2009: Brian Evenson, Robert Pelcovits (who also served as Faculty Co-Chair), Wendy Schiller, and Peter Weber. Staff membership through June 2009 included: Phyllis Hudek, James Hutchison, Steve Maiorisi, Michael Pickett, Jessica Smith, and Amanda Woodward.

3. Current Faculty and Staff Members as of July, 2009

The current membership of the Board includes: Ruth Crane, Phyllis Hudek, Cliff Hirschman, Jim Hutchison, Steve Maiorisi, Phil Leis, Susan Miller, Peter Shank, Erin Shreve, and Peter Weber (Faculty Co-Chair). A list of their titles and contact information is provided on page 6.

4. Topics Reviewed

The Board met from January through December 2009. Meeting dates during this time period were: January 15, March 12, April 23, June 8, October 2, October 22, and December 17. This meeting schedule enabled the HRAB to play a key advisory role on issues such as Brown's staff compensation, policy updates, health insurance, retirement, and the ongoing organizational review process. In addition, the Board heard presentations on the ongoing organizational review from Beppie Huidekoper and revisions to the weather related closing policy by Russell Carey.

5. Major Issues and Recommendations

A. Benefits

- i. Prescription Carve-Out - The Board's recommendation was sought to issue an RFP to evaluate the potential University savings from a prescription carve-out program. The transition to a prescription carve-out option could potentially save the University \$1.8 million over five years. In addition to cost savings, the change would enable the University to implement various clinical management opportunities to further lower health plan and prescription costs, which could save an additional \$1.3 million over five years, as well as help identify other data driven wellness opportunities for employees. The Board recommended that an RFP be issued with a target roll-out date of 1/1/10. Medco was chosen to manage our pharmacy program, and the conversion was made effective 1/1/10. Note: Brown's United Healthcare plan, with 800 employees covered, utilized Medco as the pharmacy manager when Brown's plans were carved-in. In addition, we receive Medco's services through the Preferred University Rx Purchasing Coalition (PURPC) which includes Cornell, Columbia and Princeton.
- ii. Elimination of the Health Buyout - Employees certifying they have health insurance from an alternate source are permitted to waive Brown's coverage and subsequently are paid an annual buyout. The source of the alternate coverage determines the amount of the taxable buyout (Brown \$540/Outside \$720) paid to employees in December for the upcoming calendar year. The Board approved the elimination of the Brown/Brown \$540 buyout.
- iii. Health Coverage, Dependent Audit - The Board approved moving forward on the dependent eligibility verification (DEV) audit on both health plans. Once an auditing firm is identified and selected, the audit will take place in two phases. The first will notify all employees that a dependent audit will be done, offering an amnesty period to voluntarily remove any ineligible dependents. In the second phase, employees will have to show documentation proving that their dependents are eligible for Brown benefits. Various sources estimate a DEV audit will ultimately result in the removal of 2%-15% of ineligible dependents. If Brown's audit uncovers 4% ineligible dependents, the claims savings are estimated to be \$500K while 15% would save over \$2M in claims. The process takes 6-8 weeks and costs approximately \$60K - \$75K. The audit was approved by the Board. However, senior management decided to defer implementation until after the Organizational Review.
- iv. Voluntary Staff Retirement Incentive (VSRI) - In fall 2009, the President and Corporation approved proceeding with the Voluntary Staff Retirement Incentive (VSRI) program. Eligibility criteria included staff members, age 60 or above, with a minimum of 10 or more years of continuous service. There were no exceptions to these criteria. Eligible staff received all details in a mailing to their home on or before November 9, 2009. Participants had 45 calendar days to elect to participate in the program with agreements due to HR on December 23rd, 2009. Participants had until January 6th to rescind their election should they choose not to proceed. Brown Bag information sessions were run for eligible staff with more than 150 staff participating in one or more of 13 sessions.

Participants will receive one year's salary and a transition benefit in the amount of \$15,000 in a lump sum payment as well as their accrued vacation

time in their final paycheck. Participating staff will also have the opportunity to return to Brown as a limited duration employee, independent contractor, and/or consultant, 60 business days after their retirement. Overall, 139 staff members accepted the program and will be leaving the University on 4/15/10 or 6/30/10 respectively.

- v. Active Open Enrollment for 2010 – The 2009 Open Enrollment (OE) was “Active,” meaning that all benefits eligible employees were required to re-elect their benefits in order to be covered in 2010. The purpose of the “active” OE was to provide an opportunity for employees to review the various benefits options available to them and to remind employees of the rules regarding dependent eligibility. The Open Enrollment resulted in a net increase of 11 dependents being enrolled for 2010 on the health plans (90 removed, 101 added). Nearly all employees participated during the OE period. Benefits Office staff contacted the small number of employees who had not re-enrolled by the deadline and ultimately enrolled everyone.
- vi. Post-Retirement Health – Currently Brown is not providing a contribution to post retirement health insurance. In the Spring of 2004, a faculty ad hoc committee, the University Retirement Policies Review Committee (URPRC), had recommended: *1) to move expeditiously to initiate access to current post-retirement health insurance opportunities for faculty, staff and retirees; and 2) to explore the possibility of incorporating a post-retirement health insurance benefit into the overall compensation package for the faculty & staff.*

In response to these recommendations, the University provided access to two retiree group health options as of April 1, 2005. One option is Blue Chip for Medicare which is offered through BCBSRI. The second option is National Employee Benefit Companies (NEBCO) which offers Medicare supplemental insurance through The Hartford. Both plans are access only. That is, there is no University contribution.

Additional options for consideration include the Emeriti Retirement Health Plans which offer a defined contribution Medicare Supplemental type insurance and TIAA-CREF’s Retirement Healthcare Savings Plan. This plan does not require an employer contribution, although it is encouraged. Both the Emeriti and TIAA-CREF programs have administrative costs for both the employer and employee. The Board decided that follow-up and additional information on the retirement health options is needed. Therefore, the Board will return to this issue later in 2010.

B. Staff Compensation

The HRAB reviewed recommendations for staff compensation proposals to be presented to the University Resources Committee:

- i. Total Compensation for Staff at Brown - In preparation for HR’s annual presentation to the URC regarding the status of staff compensation and recommendations for the next fiscal year, HR previewed this year’s presentation with the Board. Key elements of total compensation for staff at Brown were reviewed including: Compensation, Benefits, Work/Life Services and Supports, Performance and Recognition, and Development and Career Opportunities. One key deficit reduction strategy last year was the decision to

freeze salaries for both faculty and staff in FY10. Since a number of other institutions of higher education took a similar approach, we were able to remain reasonably competitive despite the lack of salary increases. However, a number of other types of employers did not have a salary freeze last year and, thus, are in a position to attract talented staff from Brown. In light of this concern and because many employers (including other colleges and universities) will be providing salary increases this year, HR provided a strong recommendation to the URC that Brown provide an increase in our total compensation package for staff in FY11 in order to remain competitive. The Board approved this endorsement. A 3% merit increase pool was subsequently approved by the URC and Corporation.

- ii. Review of Overtime Policy - In a preliminary review of proposed compensation policy changes for non-exempt staff it was noted that Brown currently pays overtime to non-exempt employee's working over the standard work week of 37.5 hours. This is more generous than what is required by either the federal Fair Labor Standards Act or State regulations. It is also more generous than the practice of most of our peer institutions and many other employers, most of whom pay overtime only for hours worked in excess of 40 hours. Brown's overtime costs for calendar year 2008 were approximately \$2.7M. Modifying our policies would save the University money and better align the University with industry standards. The Board was presented with various options for reducing overtime costs. After much discussion, the Board made suggestions for modifying several of the options presented and agreed to review the options again in 2010 after additional vetting with other stakeholder groups.

C. Other

- i. Weather Closing Policy Revision - Russell Carey reviewed proposed updates to the weather closing policy with the HRAB. The updated policy provides clarity for both administrative and academic areas and serves as a public document demonstrating how the decision to remain open or closed during a storm is established and communicated. Overall the policy was positively received by the Board as it provides clearer guidelines than the prior version. Russell noted that all employees who feel as though their personal safety is at risk and would like to leave can do so by utilizing vacation time; however, departments cannot officially "close" when an inclement administrative closing has not been established by the President. The policy is now linked to the HR homepage and will also be located on the DOF and Provost's websites. Students were informed of the change via an online tutorial.
- ii. Organization Review Committee Updates – Throughout 2009, the Board received ongoing updates regarding the work of the Organizational Review Committee. Karen provided general information at almost every meeting in 2009 with Beppie presenting to the Board in October. Ongoing updates from Karen, Beppie, and the ORC itself are expected through 2010.

D. Continuing and Upcoming Issues

- i. Continued Subcommittee Monitoring – The HRAB will continue to monitor the implementation of policies and practices suggested by the Limited Duration Employment, Background Check, and Retirement Plan Oversight

subcommittees. As appropriate, the Board will recommend policy revisions to ensure that Brown has implemented best practices.

- ii. TAP Review - The current form of TAP utilized today was approved by the Corporation in 1979 and was equalized for both faculty and staff at \$10K per year in 2002 and is the fifth largest benefit expense for the University. The program, intended to provide assistance in paying the costs of undergraduate tuition for eligible dependent children of Brown faculty and staff, is restricted to active employees working at least 66.7% time with four years of continuous service and no breaks in service or changes in payroll status. Eligible dependent children must meet several criteria to be program eligible. In 2008, extension of the benefit to stepchildren was considered, but the Board ultimately decided against this extension. In FY08, the benefit was utilized by 369 dependents of 310 employees resulting in \$3.03M paid out in benefits. TAP does not qualify for federal reimbursement and therefore is not included in the fringe rates. After much discussion in early 2009, the Board agreed that the benefit should be increased and that some index should be applied. However, the Board recognized that this would not be possible with the current financial crisis without the identification of some cost-saving measure(s). This topic will be revisited in the coming months.
- iii. Exclusion of Ex-Spouses from Health Coverage - Another Benefits cost-saving option discussed was the exclusion of the health coverage subsidy for ex-spouses of Brown employees. The Board suggested that if this change were implemented employees with this current arrangement should be “grandfathered” but that any new divorce decrees should not allow employees to receive a Brown subsidy after the change is made. The Board also noted that any change must be clearly communicated to all employees and include adequate advance notice. It was agreed that this change should not be implemented this year but should be reviewed again at a future date.
- iv. Organizational and Vacancy Review Committees – Updates on both committees from Karen as well as Beppie Huidekoper will continue regularly throughout 2010.
- v. Post-Retirement Health – Updates on possible program options will continue.
- vi. Overtime Policy – Revisions to this policy will be revisited in early 2010 with potential roll-out of revised policies prior to June 1, 2010.

E. Membership

Ruth Crane (Staff)

Department Coordinator
Geological Sciences
Term ends: June 2011

Karen Davis (Chair)

Vice President for Human Resources
Human Resources
Human Resource Advisory Board

Cliff Hirschman (Staff)

Director of Information Technology Bio
Med Business Affairs / Computer Services
Term ends: June 2011

Phyllis Hudek (Staff)

Department Manager
Economics
Term ends: June 2010

James Hutchison (Staff)

Senior Financial Analyst
Bio-Med Business Affairs/Financial
Services
Term ends: June 2010

Phil Leis (Faculty)

Professor of Anthropology
Anthropology
Term ends: June 2011

Stephen Maiorisi (Staff)

Vice President for Facilities Management
Facilities Management
Term ends: June 2010

Susan Miller (Faculty)

Associate Professor of Community Health
Bio Med Gerontology Health
Term ends: June 2011

Drew Murphy (Ex-Officio)

Director of Benefits
Human Resources

Peter Shank (Faculty)

Professor of Medical Science
Bio Med Molecular, Microbiology &
Immunology
Term ends: June 2010

Erin Shreve (Staff)

Class Campaigns Officer
Advancement Class Campaigns
Term ends: June 2011

Peter Weber (Faculty Co-Chair)

Professor
Chemistry
Term ends: June 2010

Valerie Wilson (Advisor)

Associate Provost and Director of
Institutional Diversity

Janice Wright (Advisor)

Associate Counsel
Office of the General Counsel