



# Competitiveness and Equity of Employee Benefits at the University of Nebraska

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October 28, 2011

## **AGENDA**

- The Concept and Rationale
- Peer Comparisons
- Trends and Surveys
- Authority and Definitions
- Estimated Cost and Tax Implications
- Discussion

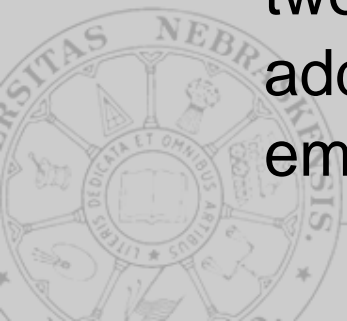


## Current Benefits Categories

The University of Nebraska currently offers four categories of coverage for medical, dental and vision insurance:

1. Employee Only
2. Employee and Spouse
3. Employee and Child(ren)
4. Employee and Family

We are asking the Board to consider the addition of two more categories in order to expand access and address the fairness, equity and competitiveness of employee benefits at the university.



## The “Employee Plus One” Concept

Creation of an “Employee Plus One” category would allow an unmarried employee to elect coverage for a qualifying adult who shares the employee’s household and with whom the employee is financially interdependent.

There also would be a new category of family coverage for the employee, the “plus one” qualifying adult, and their dependent children.



# Rationale for Consideration

## 1. Market Competition

- Growing national trend in public and private sector
- Over 300 higher education institutions offer some form of “plus one” or partner benefits, among them:
  - Public universities or university systems in at least 30 states
  - Most of the highly ranked and top research institutions
  - All members of Big Ten conference except Nebraska
  - Majority of NU system and campus peers



# Rationale for Consideration

## 2. Fairness and Equity

- Promotes equal compensation for equal work
- American family is changing
  - 25% of households meet “traditional” definition of the family – husband and wife living together with children
  - Half the nation’s households headed by unmarried adults



## Rationale for Consideration

### 3. Consistent with NU strategic goals

- The Strategic Framework includes objectives related to ensuring competitive employment policies and practices, including fringe benefits, in order to recruit and retain exceptional faculty and staff.
- A special emphasis is placed on building and sustaining diversity.
- Board's philosophy is to strive for compensation at least at the midpoint of peers. Benefits can account for up to 20% of total compensation at NU.



## Rationale for Consideration

### 4. Consistent with NU policy

- University's nondiscrimination clause includes sexual orientation and marital status
  - “The University forbids discrimination in employment against any applicant or employee on the basis of race, age 40 and above (with the exception of law enforcement officers who may be required to terminate employment by the age of 70), color, religion, sex, genetic information, national origin, employees sexual orientation, disability, political affiliation, marital or veterans status.”





## Rationale for Consideration

### 5. Requested by Faculty, Staff and Students

- In 2010, the Faculty Senates of all four NU campuses passed resolutions endorsing the expansion of benefits to unmarried partners.
- In 2011, the student governments at UNL, UNO and UNK passed resolutions supporting “Employee Plus One” benefits.
- Earlier this month, the University-wide Fringe Benefits Committee voted to support the concept of Plus One benefits and encouraged the administration to work on developing such a proposal for the Board’s consideration.



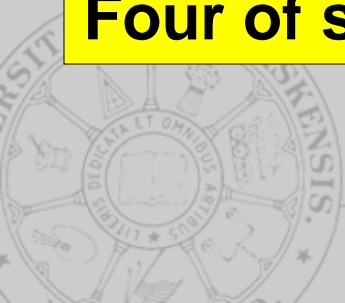
# PEER COMPARISONS



# System Peer Comparisons

Name of Peer Institution	Yes	No
University of Colorado System	X	
University of Illinois System	X	
University of Oregon System	X	
University of Wisconsin System	X	
Texas A&M University System		X
University of Missouri System		X
University of Tennessee System		X

**Four of seven (57%) System peers offer partner benefits.**



# UNL Peer Comparisons

Name of Peer Institution	Yes	No
Ohio State University	X	
University of Iowa	X	
Iowa State University	X	
University of Colorado at Boulder	X	
Colorado State University	X	
University of Minnesota-Twin Cities	X	
Purdue University	X	
University of Illinois-Urbana	X	
University of Kansas		X
University of Missouri-Columbia		X

**Eight of ten (80%) UNL peers offer partner benefits.**

# Big Ten Conference

Name of Institution	Yes	No
University of Illinois-Urbana	X	
Indiana University	X	
University of Iowa	X	
University of Michigan	X	
Michigan State University	X	
University of Minnesota-Twin Cities	X	
University of Nebraska-Lincoln		X
Northwestern University	X	
Ohio State University	X	
Penn State University	X	
Purdue University	X	
University of Wisconsin	X	

**11 of 12 (92%) Big Ten institutions offer partner benefits.**

# UNMC Peer Comparisons

Name of Peer Institution	Yes	No
Ohio State University	X	
University of Iowa	X	
University of Colorado Health Science Center	X	
University of Minnesota-Twin Cities	X	
University of Illinois-Chicago	X	
University of Kentucky	X	
University of Oklahoma Health Science Center		X
University of Kansas Medical Center		X
University of Tennessee-Memphis		X

**Six of nine (67%) UNMC peers offer partner benefits.**

# UNO Peer Comparisons

Name of Peer Institution	Yes	No
University of Northern Iowa	X	
Cleveland State University	X	
Northern Illinois University	X	
Portland State University	X	
University of Colorado at Denver	X	
University of Arkansas at Little Rock		X
University of Missouri-St. Louis		X
University of North Carolina at Charlotte		X
University of Texas at San Antonio		X
Wichita State University		X

**Five of ten (50%) UNO peers offer partner benefits.**

# UNK Peer Comparisons

Name of Peer Institution	Yes	No
University of Northern Iowa	X	
Western Illinois University	X	
University of Northern Colorado	X	
University of Wisconsin-Stevens Point	X	
Northern Michigan University	X	
Minnesota State University Moorhead		X
Murray State University (KY)		X
University of Central Arkansas		X
Sam Houston State University		X
University of Central Missouri (formerly Central Missouri State University)		X

**Five of ten (50%) UNK peers offer partner benefits.**



## States Where Major Public Universities Offer Partner Health Benefits

Alabama

Alaska

California

Colorado

Connecticut

Delaware

Florida

Hawaii

Illinois

Indiana

Iowa

Kentucky

Maine

Maryland

Michigan

Minnesota

Montana

New Hampshire

New Jersey

New Mexico

New York

Ohio

Oregon

Pennsylvania

Rhode Island

Utah

Vermont

Washington

Wisconsin

Wyoming

**Major public universities or systems in at least 30 states offer partner health benefits.**

# TRENDS AND SURVEYS



## **CUPA-HR Higher Ed Health Benefits Survey<sup>1</sup>**

- **56% offered health benefits to the same-sex partners of employees.**
- **43% offered health benefits to opposite-sex partners.**



<sup>1</sup> 2011 College & University Professional Association for Human Resources

## Prevalence Among Private Sector:

### Fortune 100 and 500<sup>1</sup>:

- 83% of Fortune 100 companies
- 59% of Fortune 500 companies

### Selected Nebraska companies:

- ConAgra Foods
- Union Pacific
- Mutual of Omaha, Ameritas
- HDR
- Kutak Rock, Baird Holm
- Baker's

<sup>1</sup> Source: Human Rights Campaign



# **AUTHORITY AND DEFINITIONS**



## Authority

- **State statute provides that the powers of the Board of Regents include equalizing and providing uniform benefits for all employees**
- **Would not conflict with the Nebraska Defense of Marriage Act (DOMA)**
  - **Similar programs have been implemented in other DOMA states including Michigan and Kentucky**



## Possible Eligibility Criteria

### General Requirements:

- **Has resided in same household with eligible employee for at least the past 12 months and intends to remain so indefinitely;**
- **Is at least 18 years of age;**
- **Is directly dependent upon, or interdependent with the employee, sharing a common financial obligation which can be documented as follows:**
  - Any Internal Revenue Service (“IRS”) form defining the individual as the employee’s dependent; or

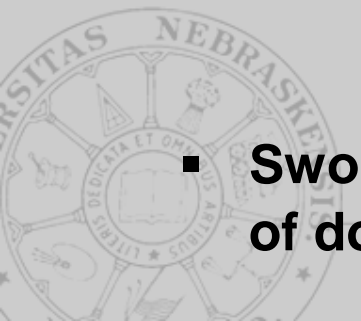


## Possible Eligibility Criteria

- **Any three (3) of the following five (5) documents:**

- A joint loan obligation, mortgage, or lease, or joint ownership of a vehicle;
- A life insurance policy, retirement benefits account, or will designating the individual as beneficiary thereto, or the will of the employee or the individual which designates the other as executor;
- A mutually granted power of attorney for purposes of health care or financial management;
- Proof showing that the employee or other individual is authorized to sign for purposes of the other's bank or credit account;
- Proof of a joint bank or credit account.

- **Sworn statement attesting to authenticity and truthfulness of documents and representations**





## Ineligible Individuals

**The following individuals would not be eligible for designation as a Plus One:**

- **Parents**
- **Parents' other descendents (siblings, nieces, nephews)**
- **Grandparents and descendents (aunts, uncles, cousins)**
- **Renters, boarders, tenants, employees**
- **Children (however, the employee's and other individual's children may be eligible for coverage as dependents)**



## **What Benefits Could Be Extended?**

- **Health, dental and vision insurance**
- **Soft benefits such as sick and bereavement leave**
- **Dependent Scholarship Program**

**Would not apply to retirement benefits, benefits provided under FMLA, or to medical and dependent care flex account programs.**



# ESTIMATED COST



## Background on Costs

- **Hewitt Associates (2005):**
  - 64% of companies had impact of <1%
  - 24% had financial impact of 1% to 2%
  - 5% had impact of >3%
  
- **Historically 1%-2% of eligible will enroll:**
  - For every 1,000 employees:
    - 1-4 will enroll in same-sex coverage
    - 13-21 will in enroll in opposite-sex coverage



## Cost Estimate

**Estimated cost is between \$750,000 and \$1.5 million**

- **This assumes an increase in enrollment of 1% - 2% or about 100 to 200 new employee sign-ups**
- **Two-thirds are estimated to be opposite-sex partners and one-third same-sex**
- **Two-thirds likely would be employee and other adult and one-third employee, other adult, and dependents**

■ **Does not include cost of extending soft benefits**



## **Tax Implications**

### **Employees would bear tax consequences**

In accordance with federal law, employees would be taxed on the fair market value of the cost of providing coverage to their partner and/or the partner's children unless those individuals qualify as dependents under the Internal Revenue Code (IRC) §152 .



# DISCUSSION

