The University Benefits Committee (UBC) again recognizes President John Peters and Vice President Steven Cunningham for their tireless efforts to hold the line against the continuous threats against employee and retiree pensions and benefits. We applaud the excellent efforts of the NIU Annuitants Association in their public education and lobbying efforts. We thank President Peters, and the staff of Public Affairs for keeping the University community informed on pension and benefit issues. The three presidents of the employee councils: Alan Rosenbaum of the Faculty Senate, Andy Small of Operating Staff Council, and Todd Latham of the Supportive Professional Staff Council have all been outspoken and dedicated in their efforts to inform their constituents and have shown strong leadership on behalf of faculty and staff. In spite of their efforts, we enter the new academic year with grave concerns about threats to pensions. The support of the three employee councils is essential in getting information to the campus, and gathering the concerns of our colleagues.

This report will summarize the major issues dealt with by the University Benefits Committee over the past year. The committee members were Meredith Ayers, Terry Borg, Cliff Bottiglieri, Dennis Davito, Liz Guess, Deborah Haliczer, Brian May, Sue Mini, Pamela Rosenberg, Gina Shannon, and Sherilynn Spear. The committee was chaired by Deborah Haliczer, and its co-secretaries were Brian May and Pamela Rosenberg.

**Pensions:**

Pensions remain the most urgent concern for most employees. Proposed and actual changes (change in calculation of Money Purchase formula) have led an increasing rate of faculty and staff to leave the university, either through retirement, or through other separations. Many have cited pension threats as a reason for leaving. All members of the UBC have related anecdotes and quotes from colleagues, citing pensions as a reason to leave. The SPS Council conducted an
employee satisfaction survey, and pensions were cited most frequently as their primary concern by participants. The legislative process has been a disappointment to employees, who have closely watched the variety of pension “reform” proposals that have in many cases seemed draconian, and appear to blame “highly compensated” university employees for their overly generous pension benefits. In reality, the problem is the systematic failure, over many years, of the legislators to make the employer share of contributions to the pension system. In spite of the “ramp” plan of the 1990s, the State of Illinois has rarely made its contribution, and as a result, the State’s pension liability grows at an alarming rate. Multiple and conflicting “reform” proposals, coupled with a political impasse that has prevented collaboration and compromise have kept the pension review process at a near stalemate. As this report is being written, the Governor has taken the step of not paying legislators until pension reform is passed.

Multiple threats to pensions have occurred this past year, including a proposed constitutional amendment that could have led to changes in the constitution’s protections against diminishment of benefits to state employees. This amendment failed to pass in November. Vice President Steven Cunningham met with the UBC in the fall and discussed the pension situation, and the proposal that was developed by personnel from the University of Illinois, with the collaboration of Dr. Cunningham. The university presidents led this development of an alternative proposal for reforming the pension that addressed both the benefit and the funding side. Called “Six Simple Steps: Reforming the Illinois State Universities Retirement Systems”, the university presidents’ proposal eventually began to attract some attention by the Pension Review Committee, appointed by the Governor. Representatives of this university group, including Vice President Cunningham, provided public testimony to the review committee. This fall, no pension reform plans have been passed, and we are about to enter a new legislative session with mounting pension debt, and no viable plan. Employees and retirees alike remain highly anxious about threats to their pensions which they all had believed could not be diminished, and were protected by constitutional guarantees. Most of the proposals entail such provisions as raising the age of eligibility for retirement, paying a higher percentage of employee income toward SURS, universities taking on responsibility for making payments into SURS, and changing the formula for the annual annuitant cost of living adjustment (COLA, which is now at 3% of annual income, compounded). The University Benefits Committee felt that the “Six Simple Steps” proposal appears to be the best proposal to date, in recognizing and addressing the problem of rising pension debt, while taking steps to protect the pensions of current employees and making pension benefits for new employees more favorable than the “Tier 2” benefits now offered to new hires. The proposal also attempts to assure that current employees will continue to contribute to the SURS pension traditional and portable plans rather than push new hires into the Self-Managed Plan, which would have the effect of depleting the capital funds of the SURS that provide annuities for retirees. As we begin a new academic year, it is certain that pensions will continue to be a source of urgent concern by faculty, staff and annuitants.
The UBC is pleased that SURS representatives still come to campus twice a year to offer retirement counseling to employees, thus sparing them travel time. SURS provides counseling sessions in Champaign, or by phone, or at their new office space at the NIU Naperville campus.

**NIU Annuitants Association:**

As always, the NIUAA provides leadership, lobbying, and timely information to members, and to the University community. This organization has done more than anyone to monitor developments in the area of pension reform, constitutional protection, and information about proposed changes to retiree health insurance. Leadership by past president Jerry Meyer, by Jim Lockard, current president and long term participant in the UBC, by our SARS Board member, John Engstrom, and by UBC annuitants representative Sherilyn Spear have helped benefit all members of the NIU community. The UBC believes it is critical to encourage current employees as well as retirees to join the association and lend their numbers and financial contributions to these efforts. UBC members will again reach out to their constituents to continue the membership recruitment efforts.

NIUAA board members are considering a proposal to organize peer support to the survivors of annuitants to assist in knowing what to do in the event of the death of an annuitant. The Annuitants Association has raised concerns about confusion over changes in Medicare-related benefits that are to occur in January 2014. SARS has just recently begun sending annuitants information about the changes, and many comment that they are unsure what to do.

**Insurance and other benefits:**

The state department of Central Management Services (CMS) dealt with changes to HMO contracts, and participants in HMO plans had to wait for the conclusion of lawsuits that attempted to restore some HMO contracts. A second open enrollment period was offered in February for members enrolled in Health Alliance, some 700 employees. Human Resource Services benefits staff provided multiple open meetings and counseling for those employees and annuitants who were affected by this change. Other benefits issues have included increased premiums and increased cost for dependent coverage. The major change in insurance occurred July 1, when retirees no longer were eligible for premium-free health insurance, and began paying premiums.

CMS organized regional benefits fairs in April and May, and NIU hosted the first of these fairs.

Human Resources has worked with local medical providers when changes have occurred that affect health insurance for employees and annuitants. This communication has assisted in assuring that providers remain with the benefit plans.
The UBC raised questions on the anticipated impact of the Affordable Care Act. We will be addressing these as changes become implemented.

Several proposals have been made to HRS by external benefit vendors, including a variety of supplemental benefit plans that would be optional, and paid for by employees. These include AFLAC, other supplemental benefits, legal assistance plans, etc. The UBC has not seen much support for adding optional benefits given employee concerns over the rising cost of health insurance premiums, increasing co-pays, and a growing number of providers who insist in payment up front rather than waiting for the slow reimbursement by the State of Illinois.

**Dependent Tuition Waiver:**

The UBC is quite concerned that legislators have made proposals to eliminate the dependent tuition waiver, which is used by many faculty and staff whose children attend NIU and other Illinois state institutions. Such proposals are evidence of erosion of the commitment by the state to provide appropriate benefits for university employees. We are gratified that the university presidents, including President Peters, have strongly argued against such proposed legislation. This is an important benefit to university employees, many of whom are employees with lower incomes.

**Rehiring Retirees: HB 4996 / Return to Work**

A new law has gone into effect August 1, posing serious limitations on the university’s ability to re-hire retirees. This is an issue with some controversy on campus, with those who oppose re-hiring retirees, who do not contribute to SURS, and who could be seen as posing an impediment to job opportunities for other employees. That being said, many departments rely on retirees to assist by teaching classes or performing other administrative duties during faculty sabbaticals, illness leaves and FMLA leaves, or who have special expertise, or who assist while a new administrator learns a complex job. Without these retirees, many academic departments will find it challenging to staff classes with personnel with academic expertise. The new law requires the university to carefully determine from a re-hired retiree their earnings limitation, obtain an affidavit from the re-hired person that attests to the accuracy of their employment history, and imposes a limit on earnings of no more than 39% of their highest rate of earnings. Other limitations are imposed. Some community colleges are reported to have refused to hire any retirees because of the complications of administering this law, monitoring the allowable exceptions (e.g. position entirely funded by external grant) and the possibility of the institution incurring financial penalties if they hire an “affected annuitant”.

**Other Issues:**

- The UBC was pleased that the Board of Trustees approved the SPSC proposal to allow temporary SPS to carry over vacation benefits to the consecutive year to a maximum of
56 days of vacation benefit; and the Operating Staff Council/APAC proposal to raise the maximum accrual for hourly civil service staff to achieve parity with maximum accruals for exempt employees.

- The University has begun to tax tuition waivers, in accordance with IRS regulations. HRS is providing extensive monitoring and information to those affected.

- Payroll has made W2’s available electronically.

- 403(b) and 457 plans have an increased contribution limit. Human Resources organizes campus visits by representatives of the four vendors. All offer loans, administered by HR. Graduate Assistants are eligible to participate.

**Morale and Workloads:**

The employee councils placed this issue on the UBC agenda, and this represents a significant issue for faculty and staff. The impact of retirements, retrenchments, departures of colleagues, and the resulting increase in workloads as positions are not re-filled has led to widespread morale issues. Many employees say they cannot use their accrued vacation leave due to workloads, or not having staff who can cover their work. Supervisors are sometimes said to deny vacation requests since it is hard to keep offices staffed. Faculty are asked to take on additional administrative tasks, or teach overload classes, sometimes without additional compensation. Employees say that increased workloads have had an impact on their health and wellbeing, since it can be hard to take lunch breaks, and long work hours make it hard to find the time to exercise. While the actual situations vary considerably, the perception by many faculty and staff is that demands are increasing, while compensation is decreasing. UBC members have heard reports of stress and morale problems, and the UBC registers this as a concern. One proposal being made by the UBC is to consider decreasing parking fees, which have steadily increased. Employees have complained to our members that salaries are stagnant, raises have not been provided for some time, and anxiety and distress over pension threats and increasing cost of health care have made employment in a State university less desirable.

**Summary and Conclusions:**

The University Benefits Committee commends President Peters and his administration for their efforts on behalf of our community. We urge President Baker and his administration to take all possible measures to continue to advocate for the preservation of our benefits. It is the university’s strategic mission to provide an excellent education for our students, and to help assure their career success. We repeat our conclusions from our 2012 report: “Our viability as a research university requires that we can compete to hire faculty, staff and administrators in the national and international marketplace. A pension system that ranks as
one of the lowest in the country will not facilitate this strategic imperative. Constantly eroding employee benefits jeopardizes our ability to attract and retain the kind of employees our students need.”

We ask that President Baker and his administration continue the practice of keeping the university community informed about critical benefit issues. We know that this will certainly be a year of challenges to pensions and benefits, and we know that the pension system in Illinois is damaged. We ask that pension and benefit concerns remain a high priority for the University administration and Board of Trustees.

Respectfully submitted,

Deborah Haliczer, Chair

University Benefits Committee