The University Benefits Committee met six times during the academic year 2013-2014 (September 5, October 24, November 21 2013; January 30, March 6, and April 10, 2014). Changes in the pension and benefit climate across the nation evoke attention on the part of employees and retirees alike. In the State of Illinois, pensions are an issue of intense concern by all. Employee surveys (SPS Council, Operating Staff Council) highlighted the critical importance of pensions, and in its meetings, the University Benefits Committee spent a good deal of time on all aspects of pensions and retirement issues. The University Benefits Committee monitors all aspects of benefits, from insurance to deferred compensation, from pensions to salaries, from workloads to morale. This year, the Committee addressed very serious issues. The importance of benefits was brought to wider attention by the fact that the Faculty Senate and University Council asked for a monthly report, which had always been sent to the Supportive Professional Staff and Operating Staff Councils. We see the current state of benefits, and especially pensions, as a threat to our University’s efforts to assure student career success through recruitment and retention of the highest caliber of faculty and staff, the kind of employees who have contributed to the educations of our over 128,000 alumni in the Northern Illinois region alone. The pension threat will affect the success of our institution.

The University Benefits Committee (UBC) recognizes President Doug Baker for joining us in our efforts to protect our benefits. This will entail working with our legislators and other higher education presidents in efforts to support the fundamental, constitutionally protected pensions which employees have contributed to, every pay period, while the Illinois legislature has failed to make regularly scheduled payments. The present pension crisis affects all of us, yet most state citizens are not aware that for State university retirees, SURS pensions ARE our Social Security rather than an additional benefit.

The UBC recognizes the tireless efforts of the NIU Annuitants Association and our state colleagues. Their efforts in keeping employees and retirees informed on developments, including the lawsuits challenging the pension “reform”, assure that we are all knowledgeable, and able to use our voices to protect benefits. The NIUAA president, Jim Lockard and his Board colleagues have been of great assistance and support. We appreciate the support of a host of colleagues in Public Affairs, now the Division of Marketing and Communications, and the Holmes Student Center and Human Resource Services for helping arrange for a number of public meetings about pensions and retirement issues. Finally, the three presidents of the employee councils: Alan Rosenbaum of the Faculty Senate, Andy Small of Operating Staff Council, and Deborah Haliczer of the Supportive Professional Staff Council have all used their leadership positions to keep benefits issues a part of the dialogue with the university administration, with colleagues and with the Board of Trustees. This year’s leadership will need to keep strong voices advocating for employee benefits. They all serve the role of “taking the pulse” of our colleagues as we contend with an unsettling benefits situation. The “Voice” of the employee Councils plays a significant role in protecting benefits.

This report will summarize the major issues dealt with by the University Benefits Committee this year. The Committee members were Therese Arado, Terry Borg, Cliff Bottiglieri, Dennis Davito, Liz Guess,
Deborah Haliczer, Brian May, Susan Mini, Pamela Rosenberg, Gina Shannon, George Slotsve, and Sherilynn Spear. Jim Lockard of the NIU Annuitants Association provided a great deal of information and support. The Committee was chaired by Deborah Haliczer, and its co-secretaries were Brian May and Gina Shannon.

**Pensions:**

Once again, pensions were the subject of intense concern by the Committee as well as by our colleagues, both actively employed and retired. The State legislature passed a Pension “Reform” bill that would lead to significant changes, including lower employee contributions in return for decreased benefits. Significant changes would occur to retirements where the “Money Purchase” calculation was more advantageous, through few changes would occur to the Defined Contribution, or “Self-Managed Plan”. Last year, Employee Council presidents organized a forum in November in which regional state legislators came to campus to discuss their perspectives on the pension reform issues. Employee frustration with the pension situation made this at times an uncomfortable meeting.

The State Universities Annuitants Association filed a lawsuit challenging the law, one of six such lawsuits. Universities were directed to stop counseling employees on retirement benefits, which caused a shortage of retirement counseling appointments. SURS came to NIU for appointments in October, and again in April, but all appointments were filled within hours of opening phone lines. NIU was helped by the fact that SURS counselors come to NIU Naperville to provide counseling, but all appointments were taken quickly. SURS began to resort to more phone appointments, or to group counseling in Champaign, and employees raised an outcry of protest at not getting the information they needed to make decisions. Human Resources, with the urging of the UBC, posted more extensive SURS information on their website, and SURS organized Webinars on retirement. The University hosted a SURS pension information session on April 24, which was well-attended.

The campus was consumed with pension anxiety. Media sources predicted that we could have as many as 800 retirements from NIU, causing worries by those not eligible to retire that they would incur greatly increased workloads. In the end, only about 200 faculty and staff retired. A higher than normal number of non-retirement separations occurred, which led the Benefits Committee and employee Councils to state their concerns about retention of faculty and staff who are leaving NIU and state employment because of benefits, and the fiscal problems of NIU and the State of Illinois. Late in the spring of 2014, a court enacted an injunction to implementation of the pension reform law pending further study, and SURS estimators reverted to protocols that existed prior to the reforms. The University administration reviewed the situation and agreed to allow anyone who had retired in this round to rescind their resignation (and SURS retirement). In the end, fewer than ten individuals rescinded. While the Pension Reform law is currently delayed due to legal challenges, it is likely that some changes will occur, perhaps after the fall elections. Many legal experts believe that the pension reform law violates constitutional protections against diminishment of benefits, yet any actions leave employees with more changes that will occur due to the long-term underfunding of pensions. The UBC will be having a challenging time in the coming year monitoring these changes.
**NIU Annuitants Issues:**

The NIUAA provides leadership, lobbying and information to members, and collaborates with NIU Human Resource Services to keep the NIU community informed on pension activity. As always, we, as a Committee, urge current employees as well as retirees to join the Association for the moderate fee, to add their numbers, voice and support to this organization that can actively advocate for our mutual benefit. NIUAA has provided cogent analysis of the constitutional and legal issues surrounding pension reform and its challenges, in ways that the university is limited by restrictions against “political activity”.

Retiree health insurance changes were a significant issue, and hundreds of retirees from NIUAA and other state employers came to NIU for a CMS retiree insurance forum. The law which limits rehiring of retirees was a source of dissatisfaction to retirees, as well as a challenge to departments faced with abrupt retirements of faculty and staff. With the wave of retirements, retirees would be useful additions to many academic departments, but the requirements of the law have posed challenges to staffing for the coming academic year. This situation will continue to be monitored by the UBC. Retiree health insurance has also received some challenges, and the State Universities Annuitants Association continues to work to prevent a rise in cost of premiums for retiree health insurance. SURS came to NIU on April 23 to discuss retirement issues as they affect annuitants.

**Insurance and Other Benefits:**

The UBC invited Dr. Steven Cunningham to discuss the impact of the Affordable Care Act on the University, in addition to discussing pensions. He provided the report previously given to the Board of Trustees on the need to organize to provide health insurance to some of those not covered by State insurance through CMS, including extra help, temporary employees, and graduate assistants. The University will need to carefully monitor the number of hours worked by even student workers, since once an employee works more than 30 hours per week, they qualify for benefits. Human Resources is working with other State universities to develop a group RFP for these benefits.

Insurance and other benefits remained relatively stable with a few increases or changes. A major change was that Human Resources elected to limit the number of choices for deferred compensation plans (403(b)) to two vendors, thus cutting down on administrative time and cost. Employees were informed, and a vendor fair was organized and employees were able to meet with representatives of the two vendors (TIAA CREF and Fidelity). Employees enrolled in the discontinued plans were grandfathered and can continue in those plans, though new enrollments will not be permitted.

**Other Issues:**

- SPS Council requested UBC support regarding the situation of SPS employees whose base contracts are less than 10.5 months, but who work additional months but do not accrue vacation. Human Resources and the Office of the Provost responded to the UBC request to investigate the situation. In the end, a group of SPS employees who worked what SPS Council
named “odd contracts” were converted to regular 12 month contracts, allowing them to accrue vacation.

- The Presidential Commission on the Status of Women made a proposal to the UBC to examine the current status of dual career hires, arguing that in light of a less than desirable pension and benefit situation, it would help in recruitment and retention of high quality faculty and staff if we worked to encourage dual career hires. The proposal arrived to the UBC at its final meeting, and the Committee moved to defer consideration until the PCSW submits its final proposal in the fall session.

**Morale, Salaries and Workloads:**

The most challenging and persistent concern raised by all three employee Councils is that of salaries, workloads and their impact on employee morale. This concern affects employees in all job categories especially as a consequence of the wave of retirements across the University. “Doing more with less” and without compensation is a concern raised by all, while worry about how to provide faculty for classes, and staff to advise and support in the aftermath of retirements is another preoccupation.

The Benefits Committee has addressed the issue of morale without having a clear strategy for response. We have asked for, and received a strong commitment from the President and Cabinet to provide the campus with frequent and clear information on our fiscal situation. We have pressed Human Resources to keep the campus informed about pension and benefit issues, and they have done so. In spite of good faith efforts, morale issues are one of the key challenges faced by the University in dealing with its fiscal and enrollment crisis. We are committed to engaging in active dialogue on hard topics, and will work with the President and the employee Councils to take action where we can to address the needs of our employees and retirees.

**Conclusions:**

We face another challenging year, and support President Baker and his administration on all efforts to preserve benefits in a difficult fiscal environment. Pensions will again be a critical matter that affects us all. Once the lawsuits are resolved, it will result in another wave of change, and that will affect recruitment, retention, retirements, as well as morale and workload concerns. Continued attention to these matters is essential to keeping NIU competitive in hiring the faculty and staff needed to compete in the national and international higher education market. Being known for having one of the least effective pension systems in the country is not good for recruitment of faculty. This will impact enrollments. We appreciate the support in such matters by the NIU administration and Board of Trustees.

Respectfully submitted,

Deborah Haliczer, Chair, University Benefits Committee