MEMORANDUM
Faculty Salary Committee
Fairfield University

TO: Members of the General Faculty

FROM: Irene Mulvey, Faculty Salary Committee, Chair

DATE: May 20, 2015

RE: Up-to-the-minute Update

The Faculty Salary Committee (FSC) is writing to the members of the General Faculty (GF) covered by the Memo of Understanding (MOU) to provide an update since our last report to the GF at the GF meeting on May 6, 2015. The update is organized into short, labeled sections for conciseness and clarity. Anyone with questions or comments should contact any member of the FSC.

Background.
The Faculty Salary Committee “engage[s] annually in collegial discussions regarding faculty salary and benefits with an administrative team appointed by the President.” One of our specific duties is “to start collegial discussions with the administrative team by October 1 of each year with the shared goal of reaching agreement on a Memo of Understanding to present to the General Faculty for approval.”

The first paragraph of the Memo of Understanding (MOU) indicates that our discussions should be concluded prior to the approval of the budget by the Board of Trustees; this typically takes place at the March Board meeting:

After collegial discussions, the Faculty Salary Committee and the Administration have agreed to recommend to the General Faculty for ratification and to the Budget Committee for inclusion in the budget that they submit to the President and the Board of Trustees the following compensation package.

Collegial Discussions Fall 2014.
The FSC and the administrative team have been meeting nearly every week since October, but in the fall we worked on the increase to employee health insurance cost shares. The FSC received proposed health insurance cost-shares for 2015 from the administration on September 17, 2014. Employee cost-shares increased by 14.7% and University cost-shares increased by 2.5%. Any increase to employee cost-shares over 6% triggers our Trigger Committee to determine if the increases are justified and report to the GF through the FSC.

Collegial Discussion Spring 2015 - prior to our last report to the GF on May 6.
The FSC provided the first proposal for compensation in early February. The administration provided a proposal for compensation on February 25. Little progress was made in our weekly meetings until, on April 16 - 24 hours before the FSC was scheduled to report to the GF - the administration provided a revised proposal. As reported to the GF on April 17, both proposals from the administration would have eliminated any of our non-Health Savings Account options for health insurance. In response to the 4/16 proposal from the administration, the FSC provided a proposal on 4/29 in advance of a joint meeting
scheduled for 4/30, but the administrative team was unable to meet on 4/30. This was all reported to the GF at the GF meeting on May 6.

**Collegial Discussions Spring 2015 - since our last report to the GF on May 6.**

May 11: The administration provided revised proposal to the FSC in a joint meeting.
May 12: FSC requested an electronic copy and shared it with Health Care Committee.
May 13: FSC and Health Care Committee (HCC) met and drafted counter-proposal.
May 14: FSC sent revised proposal to administration and requested meeting on May 15.
May 15: numerous emails were exchanged, but no progress was made.
May 18: FSC counter-proposal was discussed. Before the meeting ended, the FSC caucused and revised the FSC counter-proposal to make it closer to the administration’s stated goals. The meeting ended with the administration thanking the FSC and saying they would respond before the end of the day.
May 18: By email, the administration attempted to reconvene the joint group later in the day, but that was not possible.
May 18: The administration sent the FSC a new proposal by email.
May 19: FSC and HCC communicated by email, and decided to update the GF. Hence, this memo.

Proposals are stated here in very broad outline in order to highlight important areas. Anyone interested in more details should contact any member of the FSC.

**Administration proposal May 11:**
- Salary increase pool of 1.5% distributed all as standard merit, on the condition of agreement of form an appropriate faculty/administration group to develop a post-tenure review system that could replace the current merit system and be in place for 2016-17;
- Additional salary increase of 1%;
- Health insurance:
  - PPO Option (currently Option 1)
    - Introduce a deductible $500 individual/$1,000 family 2+
    - Decrease in-network Out of Pocket (OOP) maximum
    - Increase co-pay for specialist and hospitalization
    - Increase out-of-network OOP maximum
    - Increase drug co-pays
  - Health Savings Account Option (currently Option 4)
    - Increase in-network deductible to $2,000 individual/$4,000 family 2+
    - Increase out-of-network deductible to $2,000 individual/$4,000 family 2+
    - Increase out-of-network OOP maximum
    - (No increase to subsidy provided by the University)
- Similar changes to Health Savings Account with co-insurance

The continuation of the PPO plan was something the FSC had called for all year long. The deductibles and other changes were not justified with any specificity.

**FSC Proposal May 14**
- Salary increase of 1.5% distributed all as standard merit;
- Additional salary increase of 1%;
- **Additional $1,000 offset added to base salary** on 1/1/2016 in exchange for some of the administration’s health insurance changes:
  - PPO Option (currently Option 1)
    - Introduce deductible of $500/$1000
- Decrease in-network Out of Pocket (OOP) maximum
- Smaller increase to out-of-network OOP maximum
- No other changes
  - Health Savings Account (currently Option 4)
    - Increase in-network deductible to $2,000 individual/$4,000 family 2+
    - Increase out-of-network deductible to $2,000 individual/$4,000 family 2+
    - Smaller increase to out-of-network OOP maximum
    - (No increase to subsidy provided by the University)
  - Similar changes to Health Savings Account with co-insurance

We accepted the introduction of a deductible for the PPO since the administration made it clear all along that this was very important to them. It is our understanding that the introduction of the deductible will help address the potential “Cadillac tax” by decreasing the value of our health benefit. The FSC was willing to accept this decrease in health benefit only in exchange for an offset into salary to keep faculty compensation, in the short run, stable. There was no explanation or justification for the other changes, aside from a need to make health insurance “sustainable”, and to put us on a “glide path” to some unspecified end place. As noted, we countered with a $1,000 offset into base salary for each faculty member. The FSC’s position was that we were moving in the direction the administration wanted, and that the offset would ensure that no individual would be harmed by the changes.

FSC Proposal May 18 - after caucusing during meeting
- Salary increase of 1.5% distributed all as standard merit
- Additional salary increase of 1%
- Additional $1,000 offset added to base salary on 1/1/2016 in exchange for some of the administration’s health insurance changes:
  - PPO Option (currently Option 1)
    - Introduce deductible of $500/$1000
    - Decrease in-network Out of Pocket (OOP) maximum
    - Smaller increase to out-of-network OOP maximum
    - No other changes
  - Health Savings Account (currently Option 4)
    - Increase in-network deductible to $2,000 individual/$4,000 family 2+
    - Increase out-of-network deductible to $2,000 individual/$4,000 family 2+
    - Smaller increase to out-of-network OOP maximum
    - (No increase to subsidy provided by the University)
  - Similar changes to Health Savings Account with co-insurance

The administration had said they could not agree to the additional $1,000 offset because this was “not in the budget.” The principle of an offset in salary to compensate for any decrease in health insurance was so important to the FSC that we agreed to forego the additional salary increase of 1% in order to adhere to this principle. According to our calculations, the cost for the additional 1% salary increase and the cost for the $1,000 offset are about the same. The $1,000 lump sum offset, added to base salary, does not privilege individuals with higher salaries and gives more money to individuals with lower salaries, which the FSC sees as more fair.

Administration proposal May 18:
- Salary increase pool of 1.5% distributed all as standard merit, conditioned on an agreement to form an appropriate group made up of faculty and administration to work in earnest towards the development of a satisfactory post-tenure review system that could replace the current merit system
and be in place for FY17 (2016-2017). If no change is recommended by unanimous vote of the group, the current system for distribution of merit remains in full force and effect.

- Additional salary increase of 1%
- Health insurance:
  - PPO Option (currently Option 1)
    - Introduce a deductible $500 individual/$1,000 family 2+
    - Decrease in-network Out of Pocket (OOP) maximum
  - Increase co-pay for specialist and hospitalization
  - Back to original increase out-of-network OOP maximum
  - Increase drug co-pays
  - Health Savings Account Option (currently Option 4)
    - Increase in-network deductible to $2,000 individual/$4,000 family 2+
    - Increase out-of-network deductible to $2,000 individual/$4,000 family 2+
    - Back to original increase out-of-network OOP maximum
    - (No increase to subsidy provided by the University)

Where We Are Now, on May 20.

The FSC was extremely disappointed that the administration did not agree to the FSC May 18 proposal. The FSC May 18 proposal is consistent with the budget passed by the Board. It moves the faculty in the direction the administration says we need to go in order to address rising health care costs. Most importantly, we are convinced that no one will be harmed by the changes to health insurance under the FSC May 18 proposal. Under the administration’s proposal, anyone on the PPO who uses health care will see increased costs due to the deductible. Individuals on the HSA who hit the deductible will see increased costs (about 70% of faculty members on the HSA hit the deductible in the last year for which we have data.) We are convinced that some individuals will have much higher costs which could, for some people, be higher than the salary increase.

We were concerned and puzzled by some elements of the discussion in our May 18 meeting. The administration – in the meeting and in subsequent emails – assert that "the administration’s proposals as stated is very generous and should be put to the general faculty for a vote without delay." The FSC sees serious problems with the administration’s current proposal and cannot recommend it for approval to the GF. The FSC thinks we are very close to an agreement, but as the administration continues to propose high OOP maxima, the FSC finds it necessary to get enough information to understand the effect these proposed changes will have on individuals and on the University.

Plans for Moving Forward.

The FSC plans to schedule a meeting with the administration to continue discussions.
The FSC and HCC are meeting with the attorney funded by the FWC.
The FSC will report to the GF at the meeting scheduled for May 27.
The FSC will continue to update the GF by email.

As charge in The Faculty Handbook and as articulated in the MOU, the FSC’s goal is to reach agreement with the administration on an MOU to present to the GF for approval.