**Narrative and Benefits Proposal**

University Compensation Advisory Committee (UCAC)

March 2020

***Charge to the committee - standing and special***

The standing charge for the University Compensation Advisory Committee (UCAC) is that it "Considers issues and questions raised by the committee and advises the administration on policies and procedures relating to retirement, health insurance, and other faculty/staff benefits.” Each year, the Chancellor asks the UCAC to make a recommendation regarding the merit pay pool for employees of the University. This year, an additional special charge was given to the committee.

The special charge was conveyed in an introductory committee meeting in the fall semester. At that time, the committee was told that the current employee benefits package is unsustainable, and we were asked to develop a recommendation for a competitive, but more sustainable benefits package. As part of this special charge, we were informed that:

* The package would only pertain to new employee; existing employees would be grandfathered in under the existing benefits package.
* Existing employees could, at their discretion, opt into the new package should they so desire.
* Existing health benefits would remain for all employees and were off the table with regard to the revised benefits package.

It is important to understand that in our discussions, both at that initial meeting and in subsequent meetings, the committee sought to better understand the rationale for the assertion that the current package is unsustainable, and additionally to understand the cost reduction target. The committee generally felt that neither of those questions were comprehensively addressed with comparative or historical data, or with current estimates. Nonetheless, recognizing that TCU’s leadership felt some urgency in the matter, we gave our best efforts to address the special charge during the succeeding months.

Given that special charge, the intent of the committee, then, was to work together to design a benefits package that (a) would be attractive to the faculty and staff we need to hire (and retain) to be able to achieve TCU’s Lead On strategic goals, and (b) would be competitive with our peer and aspirant institutions. We hoped to reduce costs as much as possible through elimination of unneeded or redundant benefits, coupled with creative cost reductions in retained benefits. Lastly, we hoped to find ways to reduce the cost “hit” to economically disadvantaged members of the TCU community.

***Process of committee deliberations***

From the beginning, we worked to identify comparative data that would assist us to determine what would be competitive and attractive, thus enabling TCU to attract the best and brightest staff and faculty to TCU. We explored a wide assortment of options, gradually narrowing them down to those that presented as feasible and desirable to the TCU community. Toward that latter end, we had data available from the work of the TCU Lead On planning committees. In particular, the work of the first committee (which focused on strengthening the academic profile and reputation of the University) and the fourth committee (which focused on strengthening the workforce) proved especially relevant to our work.

In order to facilitate the work of the rather large overall committee, we created a small working group from within the larger UCAC committee. For the fall 2019 semester, that group consisted of the UCAC committee chairs, Ted Legatski and Shawn Wagner, the upcoming committee chairs, Walter Betts and Greg Stephens, and two committee members, Andrew Ledbetter and Wendy Bell. The membership of the committee changed somewhat for the 2020 calendar year, and so did the membership of the working group. For the spring 2020 semester, that smaller group included the new UCAC committee chairs, Greg Stephens and Walter Betts, the new upcoming chairs, Clark Jones and Chris Hightower, and the two past committee chairs, Shawn Wagner and Ted Legatski.

This smaller working group met weekly to explore opportunities to counter-balance new benefits with reductions in currently offered benefits, or to reduce the costs associated with existing benefits. *Members of the committee spent a great deal of outside time reviewing the benefits of the institutions on our peer and aspirant list. In particular, information was gathered from different TCU community populations and research done on national trends on benefits for higher education as well as the business community.* Their research supports the work of the committee and is available upon request.Andrew Ledbetter conducted much of that outside research comparing benefits structures in peer and aspirant institutions with our benefits, and we express our gratitude to him for that effort. On a bi-weekly basis, the working group reported on its progress to the complete UCAC committee to seek further insight.

It is important to note that most of these meetings were characterized by vigorous discussion, in which many variant opinions and interpretations were expressed, and that the committee was frequently in disagreement regarding various elements of the proposed benefits package. Even in the approval of the final package, we were not able to achieve full support for the proposal, though we believe the final package generally represents a consensus of the committee members.

Early in the process, as the working group and the whole committee identified desirable and important elements of a competitive benefits package, we explored each and then voted on each as a committee. As we continued, it became apparent that certain elements of the current and proposed benefits package would be better examined in connection with each other, and so we kept the entire (and evolving) proposed benefits package in front of the committee as new and existing elements were considered.

Thus, by early in the spring semester, the UCAC committee as a whole began to explore the various elements of the proposed benefits package, looking for ideas for improvement and (eventually) an up or down vote on each item. Along the way, we identified elements of the existing package that could be replaced more efficiently and cost effectively by other means, and thus both eliminated and added elements to the proposed package.

Concerning retirement benefits, before examining actual numbers, the committee first explored three different retirement contribution models (flat rate, flat rate with matching, and a progressive contribution model). After much discussion, the whole committee voted to adopt a flat rate model with a five-year vesting schedule. While certain elements of the progressive contribution with matching model held some appeal, discussions with HR and the full committee led us to believe it would be inefficient and overly complicated for the potential gain.

After voting on the retirement contribution models and deciding on a flat rate model with five-year vesting, we asked Human Resources to put cost estimates to each element of the package. Those estimates were then brought to the full committee for further discussion and voting. It became apparent that the largest cost reductions for the University were not to be found in reducing retirement contributions or tuition remissions (those were relatively small), but in other elements of the package, such as the vesting schedule and the cap on retirement contributions at the IRS limit.

***The approved benefits package***

After this discussion with cost estimates (TCU’s HR office can provide estimates as desired by the Cabinet), the committee then held an up or down vote on the package as a whole, with a positive final vote. The final benefits package approved by UCAC includes the following elements:

Leave

* Paid parental leave for staff (faculty already enjoy that benefit under a different system, and it will remain as part of the benefits package)
* Paid short-term disability insurance for all employees (simplifying the current leave structure for staff)
* No payout of unused vacation leave upon separation
* No retirement contribution made on unused sick leave paid out upon separation

Retirement

* Elimination of excess retirement contributions (total annual TCU contribution to an employee’s 403(b) Retirement Account will not exceed the IRS tax-deferred limit – $32,775 for 2020)
* Addition of a five-year vesting schedule for TCU retirement contributions – in increments of 25% after each year of service. The vesting schedule is coupled with retirement contributions being made immediately upon hire rather than after two years.
* Maintain a flat rate (11.5%) contribution model for retirement contributions

Childcare and Student Loan Repayment Assistance

* For those selecting an HAS, HRA, or HCA insurance option, $3000 (an increase of $1500 over the current contribution) will be contributed to their account.
* All or a portion of the contribution listed above may be diverted by the employee toward student loan repayment or childcare expenses. Any amount so diverted would be after tax.
* Student loan repayment assistance (see above)
* Childcare assistance (see above)

Other Proposals

* A 13th paycheck for newly hired faculty
* Development of a framework to encourage unit supervisors to implement flexible hours and remote work schedules wherever possible
* Implementation of the recommendation of Faculty Senate and Staff Assembly to create and fill the position of University Ombudsperson

Greg Stephens and Walter Betts

University Compensation Advisory Committee