

**Budget Planning Council Meeting Minutes**  
**October 16, 2009**  
**10:00 am – 12:00 Noon**  
**Baker 235**

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In Attendance: Bill Decatur, Pam Benoit, Kent Smith, Betty Sindelar, Brenda Noftz, Joe McLaughlin, Hugh Sherman, Tracy Kelly, David Thomas, Robert Leary, Chauncey Jackson, Jeff Fulk, Renee Middleton, Chuck McWeeny, Valerie Young, Scott Titsworth

Staff: John Day, Rebecca Vazquez-Skillings, Marjorie Mora, Diane Lucas, Katie Quaranta, Becky Watts

Guests: Luis Lewin, Jim Jenkins, Greg Fialko, Steve Flaherty, Kathy Brooks

**I. Strategic Reallocation Process**

- Reviewed a *DRAFT* version of the FY2011 Strategic Reallocation Process.
  - Phase 1: The rest of Fall Quarter through week 3 of Winter Quarter
    - Planning Units would prepare 10% reductions to their budgets with the President's Council to provide the principles. Also all groups: planning units, BPC, Senates, Etc. would provide feedback on ways to have savings and self-sustaining activities. Have a website for the whole university community to provide suggestions.
  - Phase 2: Week 4 through Week 7 of Winter Quarter
    - Gather, compile and review by all groups.
  - Phase 3: Week 8 through Week 10 of Winter Quarter
    - Groups assemble recommendations for the President.

*BPC Comments:*

- *The process should be a holistic approach*
- *All the data should be collected in one document*
- *Open to the students for input.*
- *All recommendations should be responded to, whether they are accepted.*
- *Priorities would be included as principles*
- *There should be standard template or standard set of data that is collected.*
- *How will the process ensure that cost-shifting is not taking place?*
  - *The informed personnel will be essential to have at the decision table.*
- *The 10% targets for each planning unit is so that there is room to make a strategic decision not that every planning unit would be cut the 10%.*
- *If programs would be ended, they would need more than one year to graduate the students currently enrolled.*

**II. Compensation (Salaries & Benefits)**

- **Salaries – Reviewed handouts**
  - Percentage of University and Planning Unit Budgets
  - Percentage of Planning Budget (Avg.) – *Salary and Benefits make up an average of 85.3% of planning unit expenditures*
  - **Benchmarks – IUC and Presidential Peers – Information to be provided**

- **Health Benefits**

- Percent of University & Planning Unit Budgets
- Health Benefits at Ohio University
  - Self-Insured
    - The University is self-insured, most businesses that have more than 1,000 lives covered, are self-insured. If we were to use an insurance company, they would build in a profit margin, that margin would be kept by the insurance company and the university would not be able to capture the savings. By self-insuring the university benefits from low claims.
  - Use of Third Party Administrator
    - The third party administrator provides the university access to rates they have negotiated with doctors and hospitals. The third party administrator is typically bid out every 4 years to make sure the university is receiving the best rates. The next bid would be in the spring 2010 to be effective July 2010 for FY2010-2011.
  - Employee/Employer Shares – Premiums and the Standard Rate
    - After the cost has been provided from the third party administrator the split for employee and employer is calculated to come up with the premiums and standard rate departments are charged for each employee.
- Benchmarks
  - Review handouts for benchmarks with other colleges. Ohio University is trending with other peers, on some items is below the trend.
- Review of Recent Benefit Changes
  - The benefits budget for FY09 was over budget due to larger claims than historically predicted and reserve was used to cover the amount over budget. FY09 had more claims of \$25,000+ and \$200,000+, which caused the budget overage. The FY10 budget was built on the good trend history. OU decided to use the low estimate provided by Milliman (Consultant to provide guidance for budget projections). The large claims came in at the end of the year, after the low trends had been used as the base. However, even with potential of payments going over the budget for FY10, there is a reserve to use for this risk. Since there were many changes in FY10, the projected impact will not be seen until 6 months of claims have been received. (Claims are normally paid one-two months after the medical activity is provided; hence July and August payments would be mostly for May and June, respectively.)
  - Review the changes made to Health Care for FY10 – handouts
    - When six months of claims data is collected, data would be available to see if impacts have resulted in the desirable direction.
    - Changes to join the drug consortium should result in significant savings. The next items of benefit that could possibly be part of a consortium would be life insurance. The main health care would not be likely because the providers (Anthem who we have currently) are mostly regional providers and who is best in northern Ohio would not have the best rates in southern Ohio.
  - Possible ways to affect health care cost is to change the benefits or premiums.
    - There could be different deductibles offered.
    - Lower premium but more routine health care, however premiums are only a short term fix. There could be a focus on health wellness focus on chronic health issues (diabetes /heart disease).

*BPC Comments:*

- *There was a Faculty Salary Taskforce requested by Provost Krendl, Does that task force need to be meeting again? Provost Benoit will review report.*
- *Health benefit changes also go with salary discussions.*
- *Is there the possibility of a furlough? Unknown at this time.*
- *What is the general consensus for base salary increases or health care costs to remain the same?*
  - *Hard to tell, would depend on age. General thought, if higher salary (typically older) benefits would be more important, however if lower salary (typically younger) then would like increase in pay.*
  - *There could also be bonuses.*
  - *Bonuses could be an issue for retirement benefits*
  - *Changes with bonus vs. base could create issues for reporting salary information in a comparable data format.*
- *Cafeteria healthcare plans could also be a way for costs to be more at the employee choice of coverage.*
- *OU had more options years ago and then all to one plan.*
- *Could the planning unit reductions be looked at over more than one year?*
- *Requests:*
  - *Would like to have the trend line for % of total health care total benefits*
  - *Would like to see the professional fees details.*
  - *Educational benefit usage by salary bracket, demographic of user (dependent child, spouse, employee, etc.), number of years an employee.*

**III. Next Meeting: October 30, 2009, Baker 235**