

Meeting Minutes – Seaver Faculty Association

Meeting Information

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| Date: | 02/15/2017 | Location: | Fireside room |
| Time: | 8:30 AM | Meeting Type: | Regularly scheduled |
| Called By: | Lincoln Hanks, President | Note Taker: | Kindy De Long, Secretary-Treasurer |

Announcements

- Devotional: Eric Wilson, associate chaplain, 1 John 3:1, God lavishes great love upon us, and the fullness of life comes at an incredible cost.
- 55 SFA members present, quorum
- Approval of minutes
- Visiting faculty proposal is still being reviewed by legal counsel. L. Hanks continues to check on it.
- Next meeting is April 12.
- Pres. Benton is hosting a town hall meeting tonight addressing DACA and immigration issues.

Agenda Items

1. Title: Update on International Students

Presenter Brooke Cutler, Director of the Office of International Student Services

Summary She has served international students at two previous universities. She has been here two years. Pepperdine context is different. It's a special place, and she's happy to be here. She's happy to talk to faculty any time. OISS is responsible for recruitment and enrollment of international students. 1. Recently, OISS has tripled the enrollment of dual-passport students. The admissions process has been internationalized to make it clearer for international students. The previous system favored students who used education agents. The others, applying independently, didn't make it through the process. She worked closely with Dean Collins to make it user-friendly for international students resulting in greater diversity in applications. International students represent ten additional nations; we have tripled the number of third-culture students from outside the US. The current political situation will have an impact, but she is doing everything possible to continue this positive trend. 2. OISS is student success focused. Closely reviews SATs, GPAs, schools. Has changed admissions practices to make sure we're enrolling students who will be successful. 3. OISS is focusing on diversification. It is not wise to rely on a few countries. 4. She would like to share some success stories. When she started, she met students during the admissions process and kept in touch as they were first-year students. She was amazed at what they were doing (compared with previous universities where she worked). One came in as an economics major but found a great faculty mentor in communication and discovered new major. Parents said never saw son so on fire.

Another, a student from India, developed a passion for hunger and homelessness back at home, and became part of the leadership board of the Pepperdine micro finance club. She could tell many more stories like these. 5. They have begun to use case management software. Most universities use electronic files for visa, etc., but at OISS it's all been paper based. When the electronic transition is complete, all students will be able (all schools) to communicate with OISS electronically and track immigration status, etc. 6. In the fall of 2016, B. Cutler and Kari Bolen, director of intercultural affairs, launched the international Students Advisory Council (ISAC), a university-level partnership. It includes 50 members from all five schools with five subcommittees (student involvement and engagement, recruitment and admissions, student support and orientation, faculty support and professional development, international student academic success). This allows school to join together in recruitment, etc. A couple of subcommittees involve faculty, and they welcome voices from Seaver. The full group meets semi-annually, and the subcommittees are striving to meet monthly. 7. Global Learning Week: a collaboration with IP. Culture fest. National clubs with tables, performances, cuisine from around the world (new spring 2016). 8. They are launching a welcome barbecue for all enrolling international students (new in fall 2017).

2. Title: Update on Benefits

Presenter Lauren Cosentino, Chief Human Resources Officer

Summary 1. Current state of affairs: cost of benefits have risen from 2009 to 2018. Right now, they are \$30.5 K on top of base salary. Pepperdine offers four medical plans currently, which is a lot of choice, in comparison with other institutions. Choice is a pillar of benefits committee philosophy. 2. Affordable Care Act (ACA) has had an impact on costs. 3. HSA is a health spending account. Employees can put money away tax free. It can be used for deductibles. If you don't spend it. Money will roll over. Whenever you leave Pepperdine, you have it. It's your money. Tax free so long as it's used for medical expenses. 4. Details on increasing costs: Each year, insurance providers give Pepperdine a cost for each of the four plans. The University then negotiates. The rates have been increasing between 3.6 and 13.6 percent. This year, 7.9 percent. Obviously, tuition costs are not rising at same rate. So this is a problem. For those interested in learning more about the problems in the insurance industry, see link to lecture sent by L. Hanks the faculty and *Time* article. This year, Anthem proposed 19.7 percent increase. Pepperdine negotiated that down to 9.9 percent. Insurance providers base costs, to a certain extent, on claims and demographics. Universities typically have a greater population over age 65 than do other industries (and Pepperdine is typical in this regard); providers charge more for this population. We have also recently had a high number of catastrophic claims with Anthem (over a certain dollar thresholds). A healthy loss ratio is 85%: 85 percent for claims, 15 percent for administration. Ours is running over 103 percent for claims; the insurance company is paying out more than we are paying for premiums. Kaiser has had no increase in charges for use of services. However, this year, it presented an 11.9% increase in pharmacy costs. This results in part from changes to drug laws (e.g., patenting the process). No catastrophic claims. 189 employees have waived their health care plan, which represents a savings of \$1.9m. Many younger employees are staying on their parents plans (so more people waiving). 5. There is

something called a financial efficiency index. It measures the value back to the employer for every dollar spent. Pepperdine is getting \$1.15 for every \$1 spent, so we are doing a good job of getting value from our carriers. We like our medical providers; there is no motivation to change. 6. University costs per person per plan: Blue Cross epo, \$13.2k per employee. Blue Cross hmo \$10k. Kaiser, \$7.4k. Each year Pepperdine is trying incrementally to create equity over the various plans. Adding new tiers (single + one child, etc.). Pepperdine used to subsidize at 87%. Now, 81%. This is slightly better than the average for higher ed, which is 80%. Employee medical premiums have increased by 117% since 2009. Institutional costs have increased 29% in that time. The higher out of pocket is actually fairer; those who use the plans end up paying more through out-of-pocket costs. 7. This year, the University is changing the plan year to match tax year. This will prevent the insurance companies from charging employees' deductibles twice. Thus, right now, we are in a 17-month plan year until Jan of 2018. 8. ACA started taking effect in 2010. In 2018, the Cadillac tax is supposed to happen, but everything is unsure right now. So far, ACA has added costs of \$1.4m in taxes and fees. 9. The University Benefits Committee, composed of faculty and administrators, meets throughout the year. It strives to promote transparency and consumerism (employees shopping for best deals). If consumers have higher out-of-pocket, they will make more economical decisions. Pepperdine wants to be competitive and is looking at many options for the future.

Discussion Tom Vandergon: faculty have five minutes to talk at tables, write down questions, decide questions to ask of Lauren.

Public comments: • One faculty member did an informal survey of division faculty. Premiums have increased 48% from 2011 to the present. Certain percentages are higher. Blue Cross HMO increased 89% for a couple and 169% for family. Blue Cross EPO increased 125%, but only 17% for Pepperdine. This isn't a gradual increase. On top of these costs, deductibles and co-pays are higher. This is especially challenging for staff on the lower end of the salary spectrum. *Lauren's response:* these data are correct; they are personal examples of the slide titled "medical premiums and salary increases since 2008." Nevertheless, Pepperdine works hard every year to create solutions that are affordable. The EPO plan increased 10%, so the university had to increase the deductible and out-of-pocket max. • One faculty member notes faculty salaries have increased 1.9%. Asks what is driving net increase in tuition: there has been a 125% increase of administrators' salaries in higher ed. What is the endowment doing? Who is on the benefits committee? How are these people chosen? *Lauren's response:* Merit increase data for faculty/staff has been in line with market; it is higher than 1.9 percent. Pepperdine conducted a market study on salaries and just received the data back. There were about 6% of faculty jobs that need to be investigated. We've been told that we're the only school that has bothered to do this. On questions about endowment, ask Jeff Pippin. The Seaver representative on the University Benefits Committee is Joe Fritsch. The representative is chosen by the chairs: Jack McManus and Paul Lasiter. • Who chooses the representative for the retirement committee? The committee selects the representative. Currently, Donna Plank is on the committee. • ACA is both costing and saving money. One faculty member requests more detail on what the net increase is and what taxes and fees are required by ACA. *Lauren's response:* an

increase of \$1.4m in taxes; a savings of \$1m in waiving of insurance. Taxes and fees are: no lifetime max on POS/EPO; no annual max; no over-the-counter in FSA; many administrative reports; comparative effectiveness fee; FSA limited to \$2500. Additional employer responsibility: FT employees over 30 hrs. This was going to impact our temporary pool and some student workers getting benefits. University started a long-term pool of employees for temporary assignments. We also have to keep the cheapest single plan under a certain threshold. So far, Kaiser has kept under this minimum. No preexisting conditions. The Kaiser Family Foundation website explains ACA in detail. • One faculty member suggests that the SFA request that Seaver representatives on the University Benefits Committee be elected by SFA or be the chair of our own benefits committee. The data presented by the second faculty speaker were correct. Our base salary has increased 1.9% annually. However, the slides today showed a 19% increase in salaries and 28% increase in medical premiums. Considering benefits costs, our total compensation has gone up only 2.5% (with value of benefits reduced), while tuition has increased 3.5%. Overall compensation of faculty is not in line with increases in tuition. • L. Hanks concludes by stating that the SFA Executive Committee will consider all comments and decide upon a course of action.