

University of Maine System
Board of Trustees
at the University of Maine System

September 11, 2015

Human Resources & Labor Relations Committee

Present: Committee Members: Marjorie Medd, Chair; Sam Collins (by phone), James Erwin (by phone), Norman Fournier, Shawn Moody (by phone) and Bonnie Newsom. **Staff:** Tracy Bigney, Lynda Dec, Ryan Low (at UM), Mark Schmelz, Hub Burton, Tony Richard and Vendean Vafiades. **Presidents:** Glenn Cummings (by phone) and Susan Hunter (at UM).

Committee Member Absent: Gregory Johnson.

Trustee Medd called the meeting to order.

Human Resources Update. Ms. Lynda Dec, Chief Human Resources Officer, provided an update on Human Resources initiatives. Human Resources has been working towards a unified and strategic support model since January 2014. Although there is considerable work that still needs to be accomplished, the Human Resources group has been able to realize significant savings, establish efficiencies, initiate the move to a new support model and drive major culture change. This report covers the accomplishments of the team and outlines the next phase in moving towards a strategic model.

2016 Savings

- **MEDICARE ELIGIBLE RETIREE MEDICAL PROGRAM** - Comprehensive review of fully-insured Aetna retiree medical program. UMS made modest changes to the plan, which resulted in avoidance of approximately \$506k/annually in increased costs. UMS also negotiated certain rate guarantee limits for the future.
- **DENTAL PROGRAM** - Comprehensive Competitive Bidding of Dental Program, resulting in UMS remaining with CIGNA. UMS will change the dental plan to self-insured, resulting in anticipated savings of approximately \$300k/annually.
- **EMPLOYEE ASSISTANCE PLAN (EAP)** - Comprehensive Competitive Bidding of Employee Assistance Plan (EAP), resulting in UMS remaining with CIGNA. The competitive bid process will result in anticipated savings of approximately \$25k/annually.
- **VISION PLAN** - Comprehensive Competitive Bidding of Vision Plan. Vision is a voluntary benefit entirely paid by UMS employees. The bidding process will result in a change from CIGNA to EyeMed. In addition to enhanced services for this voluntary employee-paid plan, employees will see a decrease of approximately 10% in their premiums, or approximately \$50k/annually for all insured.
- **LONG TERM DISABILITY (LTD) PLAN** - Changes to the LTD plan resulting from collective bargaining will be implemented that impact not only LTD plan premiums, but also supplemental benefits provided by UMS to employees who are approved for LTD benefits.
- Direct Impact on LTD Plan Premiums:
 - a. Mental/Nervous Provision limited to 36 months

- b. Non-Verifiable Conditions limited to 36 months
- c. COLA - elimination of COLA after 24 months

By implementing these collective LTD plan changes, effective 1/1/16, UMS will realize savings of approximately \$167k/annually in premium.

- SICK LEAVE RESTORATION - UMS will no longer restore sick leave used during the LTD elimination period - results in reduction in UMS liability of approximately \$745k/annually.
- SALARY PAYMENT - UMS will no longer pay six (6) month's employee salary if approved for LTD benefits - results in savings to UMS of approximately \$391k/annually.
- 403(b) PENSION PLAN CONTRIBUTIONS - UMS will no longer contribute the full employee/UMS contribution to the 403(b) pension plan if approved for LTD benefits - results in savings.
- LIFE INSURANCE COVERAGE - UMS will limit continued life insurance coverage if approved for LTD benefits to 36 months - results in savings to UMS of approximately \$21k/annually.
- HEALTH INSURANCE COVERAGE - UMS will limit continued health coverage if approved for LTD.
- MEDICAL PROGRAM – Extend TPA agreement with a reduction in PEPM cost. – results in saving to UMS of approximately \$60/k annually.

2015 Savings

- DEPENDENT ELIGIBILITY AUDIT - Comprehensive dependent eligibility audit performed. Each ineligible dependent that is removed from the plan reduces UMS' potential exposure by approximately \$3,500 per dependent. As of the audit close, approximately 44 UMS employees had voluntarily removed ineligible dependents, resulting in savings to UMS of approximately \$154k. The final audit report from the vendor shows 160 UMS employees who partially responded or did not respond to the audit, representing 417 dependents. UMS is notifying all employees and providing an extended deadline to September 30, 2015 to provide appropriate verification information. The potential savings to UMS for all 417 dependents is \$1,459,500 – It is not anticipated that we will see UMS realizing that entire amount; however, I think there will be additional savings realized above the \$154k noted above.
- BENEFIT CONSULTING AND ACTUARIAL SERVICES - Comprehensive Competitive Bidding of Benefit Consulting and Actuarial Services. UMS awarded the contract to Willis for benefit consulting and KMS Actuaries for actuarial services. As a result of the bidding process, benefit consulting services have been enhanced, savings to UMS of approximately \$50k/annually, and a rate guarantee for five (5) years with an option for two (2) more. Actuarial services provide for a full valuation one year and a roll-forward valuation in "off" years. Actuarial savings to UMS will be approximately \$17k/annually for full valuation years and \$13k/annually for roll-forward years.

- REVIEW OF BENEFIT SERVICES – Comprehensive review of services such as Wellness, Data Services, and Consultants resulted in the change or termination of these services. These changes resulted in a savings of approximately \$300k.
- HEADCOUNT REDUCTIONS – At the start of the Administrative Review there were 79.5 employees. We are currently at 62 employees with 8 open positions. These reductions in headcount have resulted in approximately \$570k of savings.

2014 Savings

- LIFE/DISABILITY PROGRAMS - Comprehensive Competitive Bidding of Life / Disability Program, resulting in the selection of Liberty Mutual. The change resulted in avoidance of \$750K/annually in increased costs and also has a 4 year Rate Guarantee. We also crafted a Menu of Program Options that could be considered by the University System to help improve underlying claims trends; these changes are being considered by Leadership.
- MEDICARE ELIGIBLE RETIREE MEDICAL PROGRAM - Market Analysis of Retiree Medical Program resulting in movement to Aetna and avoidance in \$1.5M in CY 2014 premiums. This proposal also had a 3 year pricing guarantee which has mitigated the 1/1/2015 renewal and should also benefit the University System with their 1/1/2016 pricing.
- MEDICARE ELIGIBLE RETIREE MEDICAL PROGRAM - Comprehensive review of fully-insured Aetna retiree medical program. UMS made modest changes to the plan, which resulted in avoidance of \$611k/annually in increased costs.
- MEDICAL PROGRAM – For 2012 Comprehensive Competitive Bidding and Re-Design of the Medical Program, resulting in Administrative Fee reductions of over \$1.1M annually (guaranteed for a 5 Year term 2012 - 2017), coupled with the introduction of Quality/Cost Metrics for High Performing Providers.

Efficiencies

- LIFE INSURANCE - the EBC has implemented automated processes regarding reduction of life insurance upon attainment of age 65 and cessation of supplemental and spousal/domestic partner life insurance upon attainment of age 70.
- PENSION PLAN PAPERWORK - the EBC is using ImageNow to eliminate the need for paperwork when a former employee wishes to access 403(b) or 457(b) pension monies, as well as for active employees applying for a loan. Forms are now imaged and processed with an electronic signature.
- RETIREMENT TOOL - the EBC has automated the retirement process with a new retirement tool. This tool eliminates the need for face-to-face meetings with prospective retirees as well as completion of retiree paperwork. Estimated savings are from 1 to 3 hours of campus and EBC time per UMS retiree. On average, there are approximately 75 retirements per calendar year - 2014/15 has seen approximately 150 retirees due to the special incentives. The tool will also allow for the submission of electronic eligibility files to retiree vendors.

- BENEFITS BILLING - the EBC has automated the benefits billing process, which will greatly enhance our ability to provide clear, consistent, accurate information to employees, as well as automate a process that is time consuming and cumbersome to administer. It will eliminate the need for completion of employee benefit related leave paperwork.
- LABOR DATABASE – the Labor COE has created a database to track grievances, arbitrations, legal decisions, etc. This tool allows each campus HRBP to access data aiding them in decision making. It also provides information to the Labor COE in preparation of negotiations, arbitrations, and grievances.
- EMPLOYEE BENEFITS CENTER – the EBC has gone paperless utilizing technology such as call center telephony equipment, incident management, process database, imaging software, etc. These efficiencies have allowed the EBC to bring in additional work without the necessity to hire additional employees.
- APPLICANT TRACKING - HireTouch was implemented at all campuses and University Services. This software allows for paperless recruiting processes as well as the ability to ensure greater accuracy in our Affirmative Action reporting requirements.
- EMPLOYMENT VERIFICATION – It is estimated that Human Resources processes 50 - 75 employment verifications per week. The cost to support this internally is estimated at \$10,000 - \$15,000/year. Human Resources has signed a contract with Equifax to outsource employment verifications at no cost to the University System. Implementation date for this active project is 1/1/16.
- CONSOLIDATION OF PAYROLL – Payrolls have been consolidated at several campuses: UMPI/UMFK and USM/UMA. The use of imaging software has allowed greater efficiencies and the sharing of payroll forms. Electronic forms are now in development which will allow for greater efficiencies and improved opportunities.
- ELECTRONIC W2'S – An option has been made available for all employees to access W2's electronically. This saves both money in the processing of the forms as well as the postage required for mailing.
- CCAUE – The annual charitable campaign was moved from a paper based campaign requiring forms, data input, and mailings to an online process.

Structure

- UNIVERSITY SERVICES – Human Resources employees from each of the campuses transferred to University Services effective 7/1/15.
- COE – Centers of Excellence have been established in the following areas:
 - Labor – The Labor Group has worked proactively with union leadership to improve relationships and understand issues and concerns prior to entering bargaining. This approach was instrumental in getting on time TA's with some

of our bargaining units. This COE will proactively train management of the new contracts and the requirements.

- Compensation – The Compensation group is looking at updating many of our pay plans and standardizing the implementation of the plans. RFPs are currently being developed for a compensation system and consulting services to assist with pay plan design.
 - Benefits & Payroll – The Benefits and Payroll groups have found substantial savings and efficiencies. Continued work in this area will result in greater cost savings and a further reduction in headcount.
 - Communications – The Communications COE has provided valuable assistance in moving the culture in HR as well as provided support on University initiatives.
 - Project Management – The Project Management COE is currently managing 15 active projects and has successfully closed out two projects.
 - The remaining COEs: EO, L&OD, and Talent Acquisition will be established in FY16.
- CAMPUS BUSINESS PARTNER MODEL – The HRBP model is in its initial stages. We are currently in active searches for the HR leaders at: USM, UM, UMPI/UMFK, UMA and University Services. Interim leaders are currently supporting UM and UMPI/UMFK.

Culture Change

- COMMUNICATOR CONFERENCE/COLLABORATION WITH LIFT360 – Aggressive move toward connecting with consultant tasked with the delivery of communications surrounding the *One University* initiative to ensure support, but more importantly to guide the ongoing development of the University Services and Human Resources brands and identities in sync with the vision of the Chancellor and Board of Trustees. Symbolic of this partnership was a recent Communicators Conference at UMA-Bangor at which the Chancellor was able to engage and inform campus communicators from across the System's seven campuses. In follow-up to the meeting, messaging for the open of the fall semester was developed enabling individual campus leadership to present a united approach to sharing the summer progress of the *One University* effort. Just as important was the commitment of these communicators to assist in moving forward communications in synchronization with the implementation of campus forums in the fall designed to engage and inform a wide range of audiences including students, faculty, staff, and special constituencies such as Boards of Visitors, etc.
- E-MAIL SIGNATURE INITIATIVE/TALKING POINTS – While the generation of a comprehensive communications approach for both HR and US remains a goal, occasion-driven opportunities to advance the brand(s) are not to be overlooked or minimized. Using momentum from the open of the Fall Semester and shared interest in taking a simple step toward branding and standard identity, a modest e-mail signature standardization project was launched in late August designed to bring all HR and IT employees into compliance with the US Standards Guide. Upon completion, the project will be extended to all members of the US organization. Recognizing also that the

resuming of classes will undoubtedly result in questions about the new HR organization, standardized talking points dealing with the FAQ were generated and delivered to colleagues across the system.

- “NAVIGATING THE TRIPLE TRANSITION”/DRAFTING A THREE-TIERED COMMUNICATIONS PLAN – While ambitious in the extreme, some platforms for shared marketing and communications within the HR, US, and UMS are absolutely necessary to help guide efforts at branding and messaging in the formative stages of the service organizations and their unifying structure. To that end, a draft of a plan has been prepared for review by the leadership of University Services. Calling for such steps as the unification of mission and values, launch of a single, internal US Google Site, opening steps to the development of a unified web presence, etc. are outlined even as the University System continues its progress towards a window for revisiting of its brand as well.
- ALL HR STAFF MEETING -- On June 17, 2015 an all HR staff meeting was held at the UMA Bangor campus. This meeting was instrumental in setting the stage for the July 1st move to the One HR model. The group engaged in culture change workshops, learned about new opportunities, gained greater understanding of the COE structure, and began the work of working as a unified team.

Human Resources & Labor Relations Committee FY2016 Work Plan & Duties. Ms. Dec presented the FY16 Work Plan and duties for the Human Resources and Labor Relations Committee. Trustee Medd asked for the committee input on the process for the evaluation of the Board Chair. Trustee Medd stated that this past year she did not receive 100% participation from the Trustees in the evaluation of the Board Chair. Trustee Collins stated that he feels this is an important role for the Human Resource & Labor Relations Committee. He also suggested Trustees have the option of providing feedback verbally as opposed to written feedback. Trustee Fournier agreed that this function should remain with the Human Resources Committee.

Ms. Tracy Bigney, Clerk of the Board, reminded the Committee that as part of the By-laws there is a Board practice for the evaluation of the Board Chair.

Executive Session

On a motion by Trustee Fournier, which was seconded by Trustee Newsom, the Human Resources and Labor Relations Committee agreed to go into Executive Session under provisions of 1 MRSA Section 405 6-1 discussion the evaluation of personnel and the consideration and discussion of appointments, evaluations, employment and duties and 1 MRSA Section 405 6-D to discuss planning for negotiations and communications with AFUM, UMPSA, ACSUM, Police, PATFA, and Service and Maintenance Units.

On a motion by Trustee Fournier, which was seconded by Trustee Newsom, the Human Resources and Labor Relations Committee concluded the Executive Session.

FY16 & FY17 Compensation and Benefit Changes for Non-Represented Employees.

Trustee Erwin moved, seconded by Trustee Newsom, that the resolution regarding FY16 and FY17 compensation and benefits changes for non-represented employees be forwarded to the consent agenda. During discussion of the item an amendment was proposed to express the Board's preferred

criteria for performance-based pay. The amendment was subsequently withdrawn. At the request of Trustee Newsom, the motion was amended to forward the item to the Board of Trustees, rather than to the consent agenda. The motion carried.

That the Board of Trustees approves the Non-Represented Increases for FY16 and FY17 as presented.

Adjournment.

Ellen Doughty for
Tracy B. Bigney, Clerk of the Board