Human Resources and Labor Relations Committee

Present: Committee Members: Charles O’Leary, Chair; James Dowe, Jean Flahive, Norman Fournier (by telephone), William Johnson, and Lyndel Wishcamper.
Chancellor: Richard Pattenaude. System Staff: Tracy Bigney, Frank Gerry, Kelley Wiltbank, and Rebecca Wyke.

Absent: Susan Gendron and Marjorie Medd.

Trustee O’Leary, Chair, convened the meeting.

Changes to Policies for Non-Represented Employees. Ms. Tracy Bigney, Chief Human Resources and Organization Development Officer, reviewed the proposed changes to the policies regarding notice, severance and terms of appointment for non-represented employees. As part of the New Challenges, New Directions initiative the Board of Trustees requested a review in response to financial constraints in order to determine whether these policies resulted in undue costs for workforce actions.

Ms. Bigney explained that based on recommendations from the November 15, 2009 Board meeting the provisions on notice and severance in the original document were modified to include three levels of notice and severance for layoff. Level A will be for employees hired before July 1, 1995 and these employees will be grandfathered to current policy. Level B will be for employees hired from July 1, 1995 to June 30, 2005 and these employees will be covered by one set of revised policies. Level C will be for employees hired July 1, 2005 or later and these employees will be covered by a second set of revised policies. These three tiers are designed to provide greater protection to long-term employees (15 years of service or more) and to those with moderately long service (5-15 years).

These changes will be different from the policies currently in place for represented employees. The proposed policy changes were communicated to non-represented employees by an email sent out on February 12, 2010 and the employees are being asked to review them and complete a survey with their feedback on the policy changes by February 26, 2010. While not many had been received yet, the Committee discussed the issues that have been submitted to date through employee feedback. The Committee is comfortable with the changes to the policies but the Committee members want to review the additional employee feedback that is submitted.

On a motion by Trustee Johnson, which was seconded by Trustee Flahive, the Human Resources and Labor Relations Committee agreed with the changes in the policies for non-represented employees as presented but will allow time to consider the employee feedback. This agenda item will be forwarded to the Human Resources and Labor Relations Committee at the March 15, 2010 Board of Trustees meeting.
Report of Retiree Health Plan Task Force. Ms. Bigney reviewed the Retiree Health Plan Task Force III report and recommendations that were submitted in response to the following charge from Chancellor Pattenaude:

Review the current financial issues and available plan types and designs related to retiree health care for the University of Maine System (UMS), giving consideration to plan type (defined benefit or defined contribution), plan coverage, premium contributions, federal Medicare reimbursement regulations, and other relevant factors.

Make recommendations to the Chancellor by January 15, 2010 for a retiree health plan that will:

- Provide a competitive retiree health benefit for employees who spend a major portion of their career at UMS,
- Result in a GASB 45 annual required contribution (ARC) of not more than $20 million for FY11, and
- Limit the anticipated growth over time of the ARC to no more than the discount rate used in the plan valuation.

The Task Force reached a unanimous decision to recommend that, effective with retirements on and after July 1, 2010, the premium charged early retirees (between ages of 55 and 65), heretofore, approximately 50% of actual cost to UMS of their coverage, be increased to 63% of that cost. On June 30, 2013, the percentage of UMS costs covered by the retiree towards the premium would move to 75% and on June 30, 2016 to 88%. Finally, on June 30, 2019, the difference between what early retirees paid for their coverage and what providing that coverage actually costs would be removed entirely. This difference – known as the ‘implicit subsidy’ – has a disproportionate effect on the calculation of the UMS future liability figures because recipients do not yet have Medicare coverage and all of their health costs between retirement and age 65 must be provided for. The result of this change to the plan is an estimated GASB 45 ARC of approximately $20.4 million for FY11.

This recommendation does not affect current retirees, those 65 or older who retire in the future, or those who take early retirement prior to July 1, 2010. Its entire impact is upon those who retire after June 30, 2010 at an age younger than 65.

The Committee noted several ameliorating factors in making this recommendation:

1. The actual number of early retirees at any given time is relatively low – fewer than 10% of all retirees.
2. The health plan’s opt-out provision (enacted by the Board of Trustees after the first Task Force report) permits a pre-65 retiree with a lower-cost health insurance option available to him or her to leave the UMS plan at retirement and return to it after age 65. The returning retiree would pay a retiree premium based on the length of his or her service.
3. An early retiree may expect to become a Medicare retiree within at most 10 years.
4. While still unresolved, federal health reform negotiations have given sympathetic consideration to several methods to reduce the impact of high premium costs customarily faced by those in the 55-65 year-old cohort.

The Task Force asked that the Board consider extending the effective date from July 1, 2010 to January 1, 2011 or July 1, 2011 to allow more time for employee retirement planning.
On a motion by Trustee Johnson, which was seconded by Trustee Dowe, the Human Resources and Labor Relations Committee agreed to accept the recommendations from the Retiree Health Plan Task Force III with an effect date of January 1, 2011 and to forward this to the Human Resources and Labor Relations Committee at the March 15, 2010 Board meeting.

**Workforce Management in UMS.** Ms. Bigney reviewed the current Workforce Management efforts. Management of the workforce to ensure appropriate levels of staffing and distribution of positions is an important element of managing a large organization such as the University of Maine System. In times of fiscal constraints it is critical that people and positions are carefully managed to meet the needs of the university within the financial resources available.

Due to the current financial situation all universities and the System Office are taking steps to carefully manage hiring and turnover, reducing the number of positions, and aligning positions with areas of greatest need to meet the missions of teaching, research and public service and to provide appropriate administrative services and oversight. All UMS universities and the System Office have experienced layoffs in the last two fiscal years and more are anticipated due to ongoing financial constraints and program changes.

UMS has in place policies and procedures to carry out workforce reductions effectively including dealing with affected employees with respect and consideration for their needs. Ms. Bigney explained that nature and extent of the procedures put in place. These included education of campus administrators, including Chief Academic Officers, Chief Financial Officers, Chief Student Affairs Officers, and Deans regarding collective bargaining agreements and Human Resources and Equal Employment Opportunity (EEO) policies dealing with layoffs, program discontinuance, notice, severance, etc. Education was also provided to Human Resources and EEO officers. Ms. Bigney also explained the elaborate steps and information required in order to justify or support particular position eliminations or employment actions. The process includes the development of consistent review materials beginning with campus reviews followed by review by System Labor Relations, EEO and Human Resources. Before any decision is made it is reviewed for legal concerns. Ms. Bigney then makes the final approval.

The Committee discussed the scope of workforce management actions and these policies and procedures used to carry out workforce management actions focusing on the impact on affected and remaining employees, labor relations contracts, and equal opportunity and other laws.

A total of 116 employees have been laid off in 2009 and 2010 and 63 employees were impacted by modifications to their positions in 2009 and 2010.

**Miscellaneous Items.**

The Committee discussed the Presidential Performance Review process. Chancellor Pattenaude commented that written and measurable goals have been identified for all of the Presidents. Financial performance incentives for Presidents are not currently addressed in policy. Development of consistent practices and the incentives will be important and could be outlined in an Administrative Practice Letter (APL) or a separate document from the Chancellor.
At the request of the Committee, Ms. Bigney explained that a policy is being developed to clarify that UMS employees cannot accept salary subsidies from campus Foundations or if allowed under what restrictions they may be authorized.

Trustee Johnson suggested the Human Resources and Labor Relations Committee review the 40 day vacation carry-over policy. This should be evaluated for its financial impact.

Trustee Johnson asked for the UMS to compile an analysis outlining the cost to each campus for each dollar that the campus raises through fund raising.

Adjournment.

Ellen Doughty for
J. Kelley Wiltbank, Clerk