



THE OHIO STATE UNIVERSITY

FISHER COLLEGE OF BUSINESS

Department of Accounting and MIS

400 Fisher Hall  
2100 Neil Avenue  
Columbus, OH 43210

614-247-6299 Phone  
614-292-2118 Fax

dietrich@fisher.osu.edu

March 14, 2016

To: Bruce McPheron, Interim Executive Vice President and Provost  
Geoff Chatas, Senior Vice President and Chief Financial Officer

From: J. Richard Dietrich, Chair  
2016 Senate Fiscal Committee *JRD*

Subject: Composite Benefit Rates for FY 2017

Attached is the Composite Benefit Rates recommendation for FY 2017 for your review and approval. The recommendations were discussed by the Central Distribution Subcommittee on March 1, 2016 and subsequently by Senate Fiscal Committee (SFC) at its March 8, 2016 meeting. The Senate Fiscal Committee approved the recommendation for the rates for FY 2017 as outlined in the attached resolution.

If you have any questions, please let me know.

c: Kris Devine  
Brad Harris  
Scott Klute  
Susan Ballinger  
Joanne McGoldrick  
Tom Ewing

**Faculty Senate Fiscal  
March 8, 2016**

**TOPIC:**

Composite Benefit Rates for September 1, 2016 through August 31, 2017

**CONTEXT:**

This is the annual calculation of rates charged to university departments for faculty/staff benefits, such as retirement, health care, tuition benefits, etc.

**RECOMMENDATION:**

Recommended composite benefit rates for 2016-2017 (as a percentage of salaries) are as follows:

*Assumes 5% Medical Trend Rate*

<b>General University</b>				
	<b>Current Rates (15-16)</b>	<b>Proposed Rates (16-17)</b>	<b>% Change</b>	<b>Projected Benefit Costs</b>
Faculty	30.4%	<b>29.0%</b>	-4.6%	\$ 132,325,491
Unclassified	37.0%	<b>35.6%</b>	-3.8%	202,982,998
Classified Civil Service	51.0%	<b>48.3%</b>	-5.3%	51,808,404
Specials	16.3%	<b>16.2%</b>	-0.6%	18,141,677
Students	0.8%	<b>0.6%</b>	-25.0%	311,312
Post-Doctoral Fellows	4.0%	<b>3.7%</b>	-7.5%	49,401
Graduate Associates	13.0%	<b>12.2%</b>	-6.2%	13,694,650
<b>OSU Health System</b>				
Faculty	39.3%	<b>38.5%</b>	-2.0%	\$ 15,065,943
Unclassified	34.3%	<b>34.2%</b>	-0.3%	210,176,216
Classified Civil Service	51.8%	<b>53.2%</b>	2.7%	38,470,760
Specials	16.9%	<b>16.8%</b>	-0.6%	11,088,675
Students	1.3%	<b>1.2%</b>	-7.7%	72,201
Post-Doctoral Fellows	4.0%	<b>3.7%</b>	-7.5%	-
Graduate Associates	13.1%	<b>12.5%</b>	-4.6%	60,579
<b>Faculty Group Practice</b>				
Clinical Appointments*	5.0%	<b>5.4%</b>	8.0%	\$ 11,743,578

\* Excludes retirement contributions

## Proposed 2016-2017 Composite Benefit Rates – Highlights and Key Considerations:

Decreases in proposed Faculty, Unclassified and CCS benefit rates relate primarily to a reduction in projected medical costs.

In FY2015, the university's actual medical costs per FTE were \$9,531, almost \$600 lower than projected costs. These lower-than-expected actual costs and a reduction in the cost trend assumption from 7% to 5% translate into lower projected medical costs for the 2016-2017 salary year.

A summary of actual and projected medical costs for the last three salary years is provided below:

<i>University Share of Medical Costs per FTE</i>			
	2014-2015	2015-2016	2016-2017
Prior Year Actual Cost*	\$ 8,840	\$ 9,703	\$ 9,531
Cost Trend Assumption	7%	7%	5%
<b>Projected Cost</b>	<b>\$ 10,121</b>	<b>\$ 11,108</b>	<b>\$ 10,507</b>
* Cost projections are based on actual costs of the last fiscal year, incremented for anticipated changes in costs.			

Key drivers of the reduction in projected costs include moderation in medical claims and pharmaceutical cost trends, plan design changes (increased deductibles and co-insurance shifted costs to faculty and staff) and renegotiation of vendor contracts.

### Other Highlights and Key Considerations:

**Faculty Group Practice Rates** – FGP composite rates applied to the clinical compensation of physician faculty members now include health care and tuition components, consistent with other full benefit-eligible rate groups. FGP rates also include retirement contributions, which vary by medical practice group. The non-retirement portion of the rates is now included in the rate summary sheet.

**Proposal to Combine Unclassified and CCS Rates in 2017-2018** – The Offices of Human Resources and Business & Finance are proposing to combine the unclassified and classified civil service rate groups into a single staff rate group for the 2017-2018 salary year. A separate document is provided that outlines this proposal and estimated financial impacts by college/VP unit. A consultation with College Finance Subcommittee will be scheduled in the fall.

**ADDITIONAL DETAIL:**

- Summary of Actual and Projected Benefit Costs by Component
- Methodology for Benefit Rate Calculations and Definitions for Rate Groups
- Five-Year Trends in Actual Benefit Costs and Charges
- Ten-Year Trends in Composite Benefit Rates
- Target vs Actual Cash Balances in Benefits Funds
- Additional Detail on Medical Costs – FY2015 and FY2014
- Actual and Projected Benefit Administration Costs

**The Ohio State University  
Summary of Key Assumptions  
Used in Benefit Rate Calculations**

**Global Assumptions:**

<b>Headcount</b>	Assume stable benefit-eligible FTE (FY2015 actual)
<b>Average Pay Increase</b>	Assume guideline increases of 2% in FY2016 and FY2017.
<b>Structure of Benefit Rate Groups</b>	Assume no new rate groups or movement of employees between groups
<b>Composition of Benefit Package</b>	Assume same components as prior year
<b>Target for Benefit Cash Balances</b>	Cash equal to fully funded benefit liabilities, plus the \$13 million Medical Plans Reserve

**Summary of Actual and Projected Costs by Component:**

			FY15		FY17	
	Primary	FY15 Total	Actual Rate/	FY17 Total	Projected Rate/	Notes
	Cost Driver	Actual Cost	Cost per FTE	Projected Cost	Cost per FTE	
STRS	Salary \$	86,217,773	13.32%	94,652,457	14.05%	(1)
OPERS	Salary \$	213,608,235	16.27%	222,541,694	14.05%	(2)
Medicare	Salary \$	27,732,227	1.28%	32,690,546	1.45%	(3)
Group Life	Salary \$	4,846,621	0.24%	5,042,425	0.24%	
Disability	Salary \$	5,601,396	0.28%	6,035,648	0.29%	
Unemployment Comp	Salary \$	1,576,066	0.07%	1,639,739	0.07%	
Workers Comp-UNIV/OSP	Salary \$	5,092,138	0.33%	5,306,817	0.33%	
Workers Comp-Health System	Salary \$	7,638,207	1.00%	7,627,588	0.96%	
Benefits Administration	Salary \$	6,476,925	0.28%	6,989,229	0.29%	
Student Insurance	Salary \$	12,013,656	11.27%	13,043,237	11.27%	
Medical Plans	Headcount	263,176,856	9,531	290,152,483	10,507	(4)
Affordable Care Act Fees	Headcount	3,088,741	112	1,440,590	52	(5)
Vision	Headcount	1,729,533	63	1,870,663	68	
Dental	Headcount	15,376,695	557	16,313,136	591	
Employee Tuition	Headcount	17,510,419	634	21,187,607	767	(6)
Dependent Tuition	Headcount	9,492,108	344	10,070,177	365	
<b>Totals</b>		<b><u>681,177,596</u></b>		<b><u>736,604,036</u></b>		

**NOTES:**

(1) - STRS rate to be applied to all Faculty and Specials salaries. Projected cost increases are primarily due to guideline salary increases.

(2) - OPERS rate to be applied to all Unclassified and CCS salaries. Projected cost increases are primarily due to guideline salary increases.

(3) - Medicare 1.45% statutory rate applied to all salaries.

(4) - Reflects projected cost increases of 5% per year.

(5) - Includes transitional reinsurance fee and PCORI fee.

(6) - Reflects increased utilization of employee tuition benefits and increases in graduate fees

## **Methodology for Composite Rate Calculations:**

- Cost projections are based on the actual costs of the last full fiscal year, incremented for known and/or anticipated changes in costs.
- A primary cost driver is identified for each component of the rate and is used consistently for allocation of actual and projected cost to benefit rate groups. There are two primary cost drivers – salary dollars and benefit-eligible headcounts, which are expressed in terms of full-time equivalents (FTEs). OPERS, STRS and most of the smaller benefit components are allocated to benefit-eligible rate groups based on salary dollars; health care costs and employee/dependent tuition are allocated based on benefit-eligible FTEs.
- To ensure consistency in the calculation of composite rates, we use FY2015 actual FTEs and FY2015 actual salaries, incremented across all rate groups for guideline wage increases. The costs to be recovered are variable costs (as covered salary dollars and benefit-eligible FTEs go up or down, the benefit costs and associated composite rate charges to the departments go up or down accordingly).
- Employee contribution rates for health coverage will not be set until Autumn Semester and are effective January 1, 2017. The current composite-rate calculations assume that the employee's share of projected costs will equal employee contributions. To the extent that employee contributions are set below their projected share of health care costs, the additional costs would need to be recovered via the composite rates charged to the departments.
- A complicating factor in the rate-setting process is the multiple “years” associated with employee benefits. University budgets and Office of Sponsored Programs (formerly OSURF) rates are on a July-June fiscal year, salary increases and University/Health System composite benefit rates are on a September-August year, and medical benefit plan designs and employee contribution levels are on a calendar (January-December) year. We need to predict, by February 2016, what rates will be required to cover costs and provide sufficient benefit cash balances for the benefit “year” ending August 31, 2017.

## **University/Health System Rates vs. OSP Sponsored Program Rates:**

- University/Health System rates are determined by OSU; OSP rates are proposed by OSU and are subject to negotiation with the federal government (DHHS).
- For University/Health System rates, OSU has discretion to pursue rate stability, particularly related to maintaining targeted cash balances and amortizing over/under-recoveries over multiple periods. For OSP rates, the federal government requires full amortization of over/under-recovery in next even/odd year (for example, all over/under-recoveries for FY2014 must be incorporated in the FY2016 rate calculation).
- The lock-step amortization of under/over-recoveries under the federal rate-setting rules increases the likelihood of abrupt increases or decreases in OSP benefit rates.

## **Definitions for Rate Groups:**

University faculty and staff are divided into the following groups for benefit rates:

**Faculty** – Includes nine-month, 12-month and clinical faculty members eligible for full benefit package, including retirement, subsidized health care, life insurance, disability and tuition benefits.

**Unclassified** – Includes administrative and professional staff and post-doctoral researchers eligible for full benefit package, including retirement, subsidized health care, life insurance, disability and tuition benefits.

**Classified Civil Service** – Includes non-exempt staff (hourly and salaried) eligible for full benefit package, including retirement, subsidized health care, life insurance, disability and tuition benefits.

**Non-Student Specials** – Includes lecturers and part-time staff who are not eligible for full benefit package (rate consists primarily of retirement contributions). This rate is also applied to overtime pay for unclassified and CCS staff, supplemental compensation and off-duty quarter support.

**Students** – Includes hourly student employees who are not eligible for benefits (rate consists primarily of required Medicare, workers compensation and unemployment contributions). This rate is also applied to additional pay that is not eligible compensation for retirement contributions.

**Post-Doctoral Fellows** – Includes non-employee fellows who receive a stipend from the university and are generally not eligible for benefits (post docs are offered health care, as permissible under certain grants).

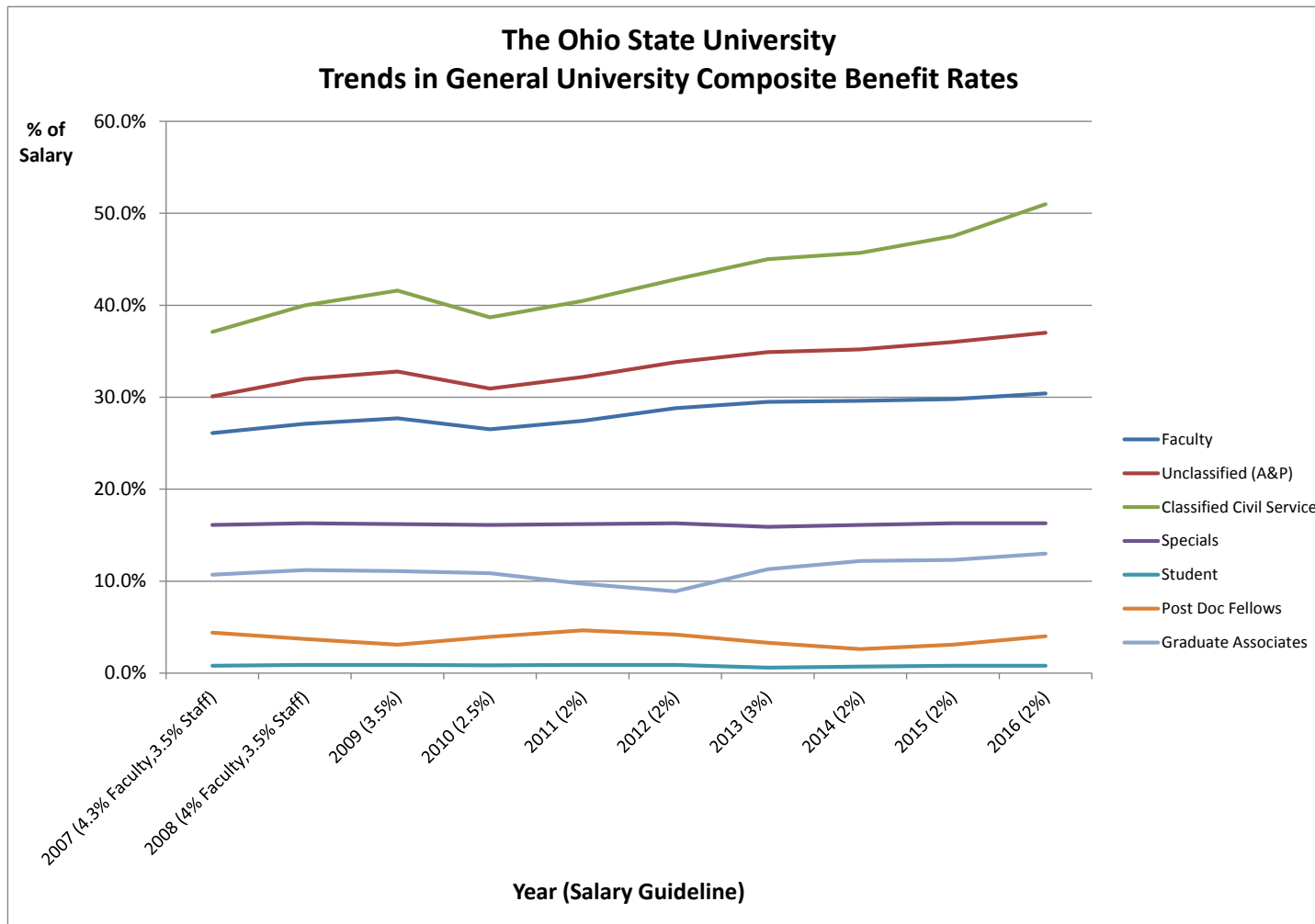
**Graduate Associates** – Includes graduate teaching, research and administrative associates eligible for an 85% employer subsidy on student health insurance coverage (full-time students have the option to choose to be exempt from retirement contributions, and most choose to be exempt). Tuition benefits are provided to graduate associates through separate fee authorization charges to the departments.

The Ohio State University  
Trends in Actual Benefit Costs  
FY2011 - FY2015

		FY2011		FY2012		FY2013		FY2014		FY2015	
Primary Cost Driver	Total Cost	Rate/Cost per Head	Total Cost	Rate/Cost per Head	Total Cost	Rate/Cost per Head	Total Cost	Rate/Cost per FTE	Total Cost	Rate/Cost per FTE	
STRS	Salary \$	73,311,209	13.23%	78,901,311	13.63%	84,573,014	14.32%	82,408,526	13.72%	86,217,773	13.32%
OPERS	Salary \$	170,766,639	14.38%	174,842,929	13.83%	167,060,653	13.29%	188,578,501	14.36%	213,608,235	16.27%
Medicare	Salary \$	20,841,877	1.20%	24,597,601	1.33%	27,020,965	1.46%	25,944,916	1.36%	27,732,227	1.28%
Group Life	Salary \$	5,615,518	0.35%	4,524,294	0.27%	4,124,480	0.24%	5,866,856	0.33%	4,846,621	0.24%
Disability	Salary \$	4,483,990	0.28%	4,498,988	0.26%	4,647,528	0.27%	5,061,071	0.28%	5,601,396	0.28%
Unemployment Comp	Salary \$	1,652,883	0.09%	1,655,440	0.09%	1,709,492	0.09%	1,656,403	0.09%	1,576,066	0.07%
Workers Comp-UNIV/OSP	Salary \$	5,836,591	0.47%	5,870,000	0.47%	6,774,807	0.52%	6,418,828	0.48%	5,092,138	0.33%
Workers Comp-Health System	Salary \$	6,177,634	0.93%	6,901,897	0.91%	7,953,034	1.13%	7,845,234	1.06%	7,638,207	1.00%
Benefits Administration*	Salary \$	2,584,969	0.14%	4,870,689	0.24%	4,783,216	0.24%	6,118,220	0.29%	6,476,925	0.28%
Student Insurance	Salary \$	9,978,800	9.70%	10,539,156	10.39%	11,101,253	10.49%	12,000,000	11.16%	12,013,656	11.27%
Medical Plans	Headcount	210,321,964	7,414	221,115,155	7,801	232,231,028	8,518	259,978,711	9,703	263,176,856	9,531
Affordable Care Act Fees	Headcount									3,088,741	112
Vision	Headcount	1,951,307	69	2,183,478	77	1,875,448	69	1,642,949	61	1,729,533	63
Dental	Headcount	13,402,359	472	14,162,524	500	14,349,532	526	15,097,478	564	15,376,695	557
Employee Tuition	Headcount	10,995,292	388	11,486,095	405	13,509,396	496	15,586,516	582	17,510,419	634
Dependent Tuition	Headcount	8,702,302	307	8,663,984	306	9,146,673	335	9,407,949	351	9,492,108	344
<b>Totals</b>		<b>546,623,333</b>		<b>574,813,542</b>		<b>590,860,520</b>		<b>643,612,158</b>		<b>681,177,596</b>	
<b>Benefit Over (Under) Recoveries:</b>											
Amounts Charged to Departments		521,961,078		570,063,094		603,024,011		630,350,862		693,536,902	
Actual Costs		546,623,333		574,813,542		590,860,520		643,612,158		681,177,596	
<b>Over (Under) Recoveries</b>		<b>(24,662,255)</b>		<b>(4,750,448)</b>		<b>12,163,491</b>		<b>(13,261,296)</b>		<b>12,359,306</b>	

\* Benefits Administration category revised in FY2012 to include all salaries charged to benefits funds.





**Notes on Trends in Benefits Rates:**

- Increases in Faculty, Unclassified and Classified Civil Service rates relate primarily to medical costs, which are increasing at higher rates than annual salary increases. This trend is most pronounced for Classified Civil Service, due to their lower average salaries.
- The year-on-year declines in the Faculty, Unclassified and Classified Civil Service rates in 2010 reflect return of over-recoveries of medical benefit costs to the colleges and support units. A portion of the over-recoveries was returned to employees via reductions in employee premiums.

**The Ohio State University  
Target vs Actual Cash Balances  
in Central Benefits Funds  
31-Dec-15**

	<b>Target</b>	<b>Actual</b>	<b>Difference</b>
Retirement	\$ 23,005,000	\$ 15,073,248	\$ (7,931,752)
Medical Liability	29,700,000	37,490,237	7,790,237
ACA/Catastrophic Reserve	13,000,000	13,000,000	-
Dental	1,686,500	2,213,421	526,921
Workers' Compensation	3,627,400	6,654,810	3,027,410
Group Life	738,184	5,040	(733,144)
Other	4,308,842	(5,562,510)	(9,871,352)
<b>Total</b>	<b>\$ 76,065,926</b>	<b>\$ 68,874,246</b>	<b>\$ (7,191,679)</b>

**Targets for Benefit Cash Balances:**

- Benefit rate calculations are tied into an analysis of benefit cash balances.
- The absolute minimum/floor for benefit cash balances is an amount equal to the full-accrual liabilities for each component of the benefit rate.
- For the 14-15 benefit rate calculation, the target for benefit cash balances is an amount that includes both the full-accrual liabilities and the \$13 million Medical Plan Reserve.
- At December 31, 2015, the University's benefit plans had cash balances of \$68.9 million, which is approximately \$7.2 million lower than our target cash balances.

**Additional Information on Medical Costs:**

Additional detail on university medical plan costs for FY2015 and FY2014 are provided below:

	<u>FY15 Actual</u>	<u>FY14 Actual</u>
<b>Medical Plans Detail:</b>		
Claims, net of employee premiums	\$ 241,240,912	\$ 239,316,833
OSU Health Plan (including Care Coordination, Health Coaching, etc.)	9,582,518	10,238,344
University Health Connection	862,574	804,469
OPPOC (Network Access)	143,355	147,975
MMO (Network Access Runout)		76,564
Impact (Employee Asst Provider)	597,065	596,656
Truven (Informed Enrollment)	158,371	
NGS (claims processing)	5,413,131	4,542,723
ESI (pharmacy benefit manager)	706,565	678,978
Global Care (out-of state claims and medical evacuation)	1,269,118	812,762
Hewitt (Benefits consulting)	478,109	651,552
Hewitt (OE Communications)	194,750	
Hewitt (Total Rewards Statements)	268,275	
MindsOn (YP4H Communications Consultant)	123,197	114,052
Buck/Xerox (Dependent Certification)	143,215	
Limeade (YP4H Vendor)	792,811	843,472
Limeade (YP4H Incentives)	1,392,500	868,000
Mercer (Medical IBNR & Sponsored Dependent pricing)	15,000	
YP4H Prizes	25,020	26,640
YP4H Events	9,544	
Randstad (Consultant less funding from OCIO)	(239,788)	248,192
Other consultants and service providers	614	11,499
Total	<u>\$ 263,176,856</u>	<u>\$ 259,978,711</u>

**Additional Information on Benefits Administration Costs:**

The composite benefit rates provide funding for certain salary, benefit, IT system and purchased services costs that are related to the provision of University employee benefit programs. Salaries, benefits, IT costs and other general expenses are allocated broadly to all rate groups based on salary dollars. Actual benefits administration costs are summarized below:

<b>Benefits Administration Detail:</b>	<b>FY15 Actual</b>	<b>FY14 Actual</b>
Salaries	\$ 3,759,678	\$ 3,458,699
Benefits	1,387,766	1,248,546
HR System & Ben Admin	977,235	977,235
Adoption	64,770	33,661
FireProof (Document Scanning and Storage)	10,429	16,224
Rachel Dwyer (Document Design Work)	10,773	675
Solutions Staffing (Temporary EEs)	40,287	-
Appligent (Accessibilty Services)	11,660	9,130
Other Expenses	214,327	374,050
<b>Total</b>	<b>\$ 6,476,925</b>	<b>\$ 6,118,220</b>

The Ohio State University  
Office of Human Resources  
Benefit Pool Salaries with out benefits

Salary Expense	FY14	FY15	Proposed FY16 as of Dec 2015	FY14 FTE	FY15 FTE	FY16 Proposed FTE
<b>Customer Service:</b> <i>Main point of contact for HR business partners, faculty and staff, and job seekers for a variety of HR-related questions, including all OSU faculty/staff benefit plans, Your Plan for Health (YP4H), employment, and human resources policies.</i>	\$ 326,337	\$ 307,738	\$ 350,531	8.9	7.8	9.0
<b>Health &amp; Welfare <sup>1</sup>:</b> <i>Provide for the accurate administration of the university health &amp; welfare benefit programs, which include medical, dental and vision, tuition assistance, life insurance and short-term disability; includes ensuring compliance with federal and state regulations and university policy.</i>	\$ 228,857	\$ 220,065	\$ 247,359	5.0	4.8	5.0
<b>Retirement:</b> <i>Provide for the accurate administration of the university retirement programs, which include Ohio Pubic Retirement (OPERS), &amp; State Teachers Retirement (STRS) Systems, Supplemental Retirement Accounts (SRA), Alternative Retirement Accounts (ARP) and the Retirement Continuation Plans (RCP); includes ensuring compliance with federal and state regulations and university policy.</i>	\$ 428,933	\$ 494,732	\$ 461,777	8.8	10.6	10.0
<b>Integrated Disability <sup>3</sup> :</b> <i>Assists faculty and staff with applying for disability and workers' compensation benefits, coordinating leaves and providing consultation services for short-term disability, long-term disability, Workers' Compensation, transitional work services, remain at work services, physical therapy services, job development services, OPERS/STRS disability retirement, Unemployment compensation, and Classified Civil Service (CCS) disability separations.</i>	\$ 890,851	\$ 895,738	\$ 903,014	15.9	16.0	18.5
<b>Benefit Consultants <sup>1</sup> :</b> <i>Conduct new employee benefit orientations; open enrollment forums; individual faculty &amp; staff benefit consultations; pre-employment and recruitment benefit consultations &amp; other benefit-related departmental presentations by request. Resolve benefit appeals and escalated customer service issues.</i>	\$ 218,797	\$ 98,010	\$ 92,000	4.0	2.0	2.0
<b>Benefit Technical Support <sup>2</sup> :</b> <i>Provides direct support to the Benefits team, including setup, maintenance and administration of the PeopleSoft Benefits Administration module, including eBenefits. Researches and provides resolution for issues through training, communication or through system solutions. Provides business analysis and technical project management for benefit initiatives. Conducts regular data quality audits to identify issues and determine ways to improve the data accuracy and process efficiencies.</i>	\$ 186,443	\$ 319,671	\$ 415,085	3.0	5.0	5.8
<b>Benefit Communications Support:</b> <i>Provides content design and development for benefit-related print and electronic media, including forms, new hire and open enrollment materials, plan documents and summary descriptions, ads, articles, and presentation materials.</i>	\$ -	\$ -	\$ 96,900	0.0	0.0	1.0
<b>Benefit Legal Support:</b> <i>Provides legal consultation and guidance for benefit and tax-related compliance issues.</i>	\$ 126,009	\$ 163,955	\$ 168,880	1.0	1.0	1.0
<b>YP4H:</b> <i>Responsible for the successful development and execution of all engagement and communication strategies to support YP4H. Manages vendor relationships that provide YP4H services. Participates in the strategic planning process to continue evolving YP4H and measure the effectiveness of current YP4H programs. Provides content for and manages the YP4H website, including incentive program administration. Manages the development and execution of YP4H events and social media.</i>	\$ 151,259	\$ 181,815	\$ 185,834	2.5	3.0	3.0
<b>Benefit Administration <sup>1</sup> :</b> <i>Responsible for design, implementation, and management of all University benefit programs, including budget and cost analysis, vendor selection and management, project management, communication and compliance. Provides leadership for Benefits staffing, development and performance management. Liaison to University leadership and constituencies on all benefit issues and initiatives. Also includes administrative support for entire Benefits Dept.</i>	\$ 865,915	\$ 1,038,408	\$ 1,000,212	6.8	9.8	8.8
<b>Students:</b> <i>Provides clerical, data entry and administrative support to Benefit Processing staff.</i>	\$ 35,300	\$ 39,547	\$ 30,732	3.3	2.5	2.1
<b>TOTAL</b>	\$ 3,458,699	\$ 3,759,678	\$ 3,952,323	59.2	62.4	66.1

Footnote:

- <sup>1</sup> - Change from FY14 to FY15 is due to a reorganization that reallocated resources more effectively to align with work
- <sup>2</sup> - Benefit Technical Support increase from FY14 to FY15 for retirement project support
- <sup>3</sup> - FY16 includes 3 FTE's at \$132k for FML whose expense is covered 100% by OSU WMC and excluded from this summary

## **Composite Benefit Rates Administrative Position Review Process**

### **Background**

The Ohio State University (OSU) offers a comprehensive benefit package to meet its employee's needs. The comprehensive benefit package is evaluated annually and associated costs are reviewed. These costs for benefits provided are largely subsidized by the university, with employees also paying contributions to cover the cost of benefits not paid by the employer.

On an annual basis, the benefit costs paid by the employee and subsidized by OSU are reviewed. The portion that is subsidized by OSU is funded through utilizing composite rates that are charged to each college and units against their payroll dollars.

The composite benefit rates are reviewed and updated on an annual basis through the fiscal budgeting process. As a part of that review process, positions for staff who are charged against the benefit funds are reviewed for appropriateness so that their cost can be included in the composite rate calculation.

This annual position review process was created collaboratively between the Office of Human Resources and Business & Finance. The purpose is to ensure that only appropriate expenses are charged to benefit funds based on their direct correlation to administering the university's benefit plan offerings.

### **Process**

The process for reviewing positions charged against the benefit funds consists of:

- Identifying benefit staff positions that relate to day-to-day benefit administration operations and comprise over 80% of the employee's job responsibilities.
- Identifying leadership positions that lend their oversight and strategic guidance to the plan establishment, governance review process, and President's Cabinet and Board of Trustee updates.
- Compiling the positions, FTE, and salaries identified through the above steps and comparing to prior fiscal year.
- Meet and review compiled data and historical trends and provide information, as requested, to respond to any variances in the year over year comparisons.
- Obtain approval on percentage of salary to be included in composite rates from the below. Salary percentages charged are representative of time and effort identified positions work on benefits operation.
  - AVP Total Rewards, OHR
  - SVP Talent, Culture & HR, OHR
  - VP Operations, B&F

### **FY16 Review Summary**

OHR, following the steps identified above, reviewed the positions to be charged in 2016 – 2017 against the benefit funds with:

- Joanne McGoldrick - AVP Total Rewards, OHR, January 2016
- Andraea Douglass - SVP Talent, Culture & HR, OHR, February 2016
- Kris Devine - VP Operations, B&F, February 6
- Brad Harris – Assistant Provost and Chief Administrative Officer, OAA, February 6