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THE UNIVERSITY OF MICHIGAN-DEARBORN

Committee on the Economic Status of the Faculty

April 2010

ANNUAL REPORT TO THE FACULTY SENATE

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SECTION 1: INTRODUCTION

This year the report of the Committee on the Economic status of the Faculty (CESF) focuses on the four following aspects of faculty salary: 1) faculty salary as compared to peer institutions, 2) transparency in merit pay increases and equity adjustments, 3) merit pay increases and inflation, and 4) faculty, lecturer, and administrator salary growth. We also include in appendix E, UM-D Benefits Committee survey of opinions regarding retiree health benefits. The data used to analyze faculty salary relative to peer institutions was obtained from the *National Faculty Survey: Multidisciplinary Report 2008-2009* produced by the College and University Professional Association for Human Resources. The data for the merit pay increases and inflation was obtained from the University Office of Financial Services and Budget. Lastly to analyze the growth of faculty, lecturers and administrators' salaries, the Committee relied on information from the Higher Education Institutional Data Inventory (HEIDI) reports.

While making the recommendations, the Committee fully acknowledges the difficult budget years the administration has been facing as a result of reductions in state allocations caused by a poor state economy. The Committee also appreciates the dedication and sincerity the administration has displayed in dealing with budgetary restrictions and their impact on students, staff, and faculty at the University of Michigan - Dearborn. However, the Committee believes that to retain and hire excellent faculty consistent with the metropolitan vision of the campus, the issues addressed in this report should be given serious consideration by the administration.

SECTION 2: FACULTY SALARY AS COMPARED TO PEER INSTITUTIONS

The Committee compared average faculty salaries of the University of Michigan – Dearborn faculty by discipline and rank to the average faculty salaries at the University of Michigan – Dearborn Peer Institutions (See Appendix A for the list of the University of Michigan - Dearborn Peer Institutions). Data for this comparison came from the *National Faculty Salary Survey: Multi-Discipline Report 2008-2009* produced by the College and University Professional Association for Human Resources (CUPA) (See Appendix B for the CUPA data sorted by rank and discipline). The CUPA survey has the important advantage of providing salary information by rank and by discipline category. CUPA discipline categories are usually, but not always the same as the disciplines or departments within colleges here at the

University of Michigan - Dearborn. For example, CUPA discipline categories are similar but not identical to the College of Business administrative departments.

Some faculty are not represented in this analysis because insufficient CUPA comparison data are available for their discipline category. While CUPA does report comparison data for librarians and curators, this data is not reported for the University of Michigan - Dearborn Peer Institutions. It also should be noted that not all universities in Michigan (or in the region) participate in the CUPA survey, so the choice of comparable institutions is constrained. In addition, not all Michigan universities (or other potential comparable universities) who participate in the CUPA survey have schools of Engineering, Business, and Education.

Based on a review of the CUPA data, the Committee's main conclusion is that faculty salaries are generally comparable. One hundred percent of the average salaries of Assistant Professors, ninety-nine percent of Associate Professors, and ninety-seven percent of Full Professors are within 90% of the average salaries in comparable disciplines at University of Michigan - Dearborn Peer Institutions. Furthermore, seventy-one percent of the average salaries of Assistant Professors, seventy-three percent of Associate Professors, and fifty-five percent of Full Professors are above the average salaries in comparable disciplines at University of Michigan - Dearborn Peer Institutions.

However there are three discipline/rank outliers¹ whose salaries are not within 90% of the average salaries in their respective disciplines at University of Michigan - Dearborn Peer Institutions. There may be other outliers as well. Because we are comparing averages, there may be individual faculty members in each rank/discipline making considerably less than 90% of the average salaries of the faculty in their respective rank/disciplines at University of Michigan - Dearborn Peer Institutions. The Committee feels that faculty with substantially lower salary as compared to their comparable rank/discipline counterparts at peer institutions may encourage some faculty to look for opportunities outside. Therefore the Committee recommends that administration should consider salary adjustments for the outliers. In the absence of such adjustments, an explanation should be provided to the Committee as to why such adjustments would not be appropriate.²

¹ Professor – Communication & Media Services; Professor – Education Administration; Associate Professor Geological & Earth Sciences

²The 2009 CESF report included a recommendation that those individuals in the ranks/disciplines whose salaries were not within 90% of the average salaries in their respective rank/disciplines at University of Michigan - Dearborn

The committee also recommends that given the high quality of faculty and programs at the University of Michigan - Dearborn in comparison to its peer institutions, efforts should be made to bring the salary in all discipline and ranks significantly above the average of University of Michigan - Dearborn peer institutions salary for comparable discipline and ranks. This is especially important given recent additions of doctoral programs the University of Michigan - Dearborn.

SECTION 3: TRANSPARENCY IN MERIT PAY INCREASES AND EQUITY ADJUSTMENT

In order to recognize the faculty achievements such as journal publications and teaching excellence, maintaining the merit pay system is highly desirable. It aids in encouraging the faculty effort to build on the University of Michigan - Dearborn mission of academic excellence with a metropolitan focus. The Committee recognizes that it imposes a cost on the university but feels the benefits outweigh the costs. Again the Committee appreciates the administration efforts to keep up with the merit pay system despite a difficult budgetary situation.

One desirable attribute of a well functioning merit pay system is transparency. Transparency requires that a system exists within each unit to determine the allocation of merit pay. Although unrelated to merit pay, equity adjustment should be based on a system to ensure transparency as well. Given the governance structure at the University of Michigan - Dearborn, the system for transparency should be resolved within each unit jointly by the governing faculty, executive committee, and administration. The system should ideally be open without compromising individual privacy. Once agreed, it should be written and disseminated to all the faculty of each unit. Therefore the committee recommends that administration should ensure that a transparent system acceptable to all parties concerned is developed within each unit with regard to merit pay increases and equity adjustment.

SECTION 4: MERIT PAY INCREASES AND INFLATION

Along with transparency, a meaningful merit pay increase should be substantial as well. Although difficult to quantify a substantial merit pay increase, it is reasonable to argue that it

Peer Institutions be adjusted. Although it is the Committee's understanding that the salaries of these individuals were not adjusted, the Provost office provided an explanation to the Committee Chair as to the reason why no adjustment would be made. The Committee Chair accepted this explanation.

should at least exceed the rate of inflation. The Table in Appendix C shows that with the exception of one year, the University of Michigan - Dearborn merit pay increase has been consistently below the rate of inflation. Prior reports by this Committee have also documented that the University of Michigan - Dearborn merit pay increase has lagged peer institutions as well. Below inflation merit pay increase has amounted to decrease in real wages of the faculty. This is aggravated further by recent cuts in benefits by the university.

Therefore, the Committee urges the administration that each year efforts should be made to have merit pay increases that exceed expected inflation by at least 1%. Furthermore as the budget situation improves in the future, the administration should consider giving faculty a one-time increase across the board to make up for the past years shortfall in merit pay increases.

SECTION 5: FACULTY, LECTURER, AND ADMINISTRATOR SALARY GROWTH

The Committee acknowledges the invaluable contribution of lecturers in promoting the academic excellence at the University of Michigan - Dearborn. The administration has provided excellent leadership to the university and has done an outstanding job in steering the university in recent difficult times. However, the Committee is somewhat concerned with trend indicated by the data shown in Appendix D. It appears that the share of the faculty salary as percentage of total salaries of the faculty, lectures and administrator has declined in recent years. The percentage share of lecturers and administration salary has shown a corresponding increase. The Committee is aware that possible reasons for these trends could be based on factors beyond the control of administration, but would appreciate clarifications from the administration as to the causes of these trends and their impact on faculty salary.

SECTION 6: ACKNOWLEDGEMENTS

The Committee thanks Robert Gassel, Associate Vice Chancellor, Noel Hornbacher, Assistant Controller, and Judy Kennard, Financial Analyst, for providing the data for this report.

Appendix A: University of Michigan - Dearborn Peer Institutions

Central Michigan University
Eastern Michigan University
Ferris State University
Grand Valley State University
Michigan Tech. University
Northern Michigan University
Oakland University
Saginaw Valley State University
Southern Illinois University, Edwardsville
University of Michigan, Flint
University of Missouri, Rolla
University of Northern Iowa
University of Toledo
University of Wisconsin, Eau Claire
University of Wisconsin, Milwaukee
Wayne State University
Wright State University, Main Campus
Youngstown State University

University of Michigan - Dearborn Peer Institutions include all Michigan universities (excluding University of Michigan, Ann Arbor) that have reported data to CUPA, as well as the universities in the upper Mid West that are similar to University of Michigan - Dearborn.

Appendix B: CUPA Data Sorted by Rank and Discipline

College and University Professional Association for Human Resources (CUPA)

National Faculty Salary Survey: Multi-Discipline Report

UM-Dearborn Comparison Based on Differences in "Average"

Associate Professors

			UM-Dearborn		Comparison Group				Difference in "Average"	Difference in "Median"	
			NP	Average	Dearborn	Average	Median	NP			NI
Professor	09.01 Communication & Media Studies		1	61,441	61,441	79,633	77,678	30	8	-18,192	-16,237
Professor	[13.] EDUCATION	13.04 Ed Administration	1	73,591	73,591	91,506	92,211	16	7	-17,915	-18,620
Professor	45.06 Economics		4	88,940	90,102	96,108	95,157	40	12	-7,168	-5,055
Professor	[42.] PSYCHOLOGY		3	83,156	86,488	86,776	85,886	90	13	-3,620	602
Professor	54.01 History		5	84,039	87,878	87,025	84,039	56	13	-2,986	3,839
Professor	[13.] EDUCATION	13.10 Special Ed & Teaching	1	77,498	77,498	80,476	77,498	11	5	-2,978	0
Professor	50.07 Fine & Studio Art		2	77,995	77,995	80,081	79,466	52	12	-2,086	-1,471
Professor	[14.] ENGINEERING	14.19 Mechanical	8	108,996	103,707	110,793	106,685	65	8	-1,797	-2,978
Professor	38.01 Philosophy		2	81,072	81,072	82,643	80,419	20	8	-1,571	653
Professor	40.05 Chemistry		2	89,798	89,799	90,734	87,830	82	14	-936	1,969
Professor	[23.] ENGLISH LANGUAGE AND LITERATURE/LETTERS		2	78,442	78,442	78,703	80,661	124	13	-261	-2,219
Professor	40.06 Geological & Earth Sci/Geosciences		1	87,946	87,946	86,304	87,946	26	9	1,642	0
Professor	[11.] COMPUTER AND INFORMATION SCIENCES		3	112,270	113,174	110,221	112,270	38	9	2,049	904
Professor	[14.] ENGINEERING	14.10 Electrical	4	114,257	114,608	111,628	108,511	46	7	2,629	6,097
Professor	40.08 Physics		3	89,477	87,184	86,239	87,035	77	14	3,238	149
Professor	27.01 Mathematics		8	87,650	87,900	84,218	82,527	141	14	3,432	5,373
Professor	45.10 Political Science & Government		2	89,063	89,063	83,701	82,795	40	12	5,362	6,268
Professor	45.11 Sociology		3	89,443	91,685	82,999	81,105	30	11	6,444	10,580
Professor	[52.] BUSINESS	52.02 Admin, Mgt & Operations	2	122,978	122,978	115,774	116,643	69	12	7,204	6,335
Professor	[52.] BUSINESS	Professor	1	139,025	139,025	128,622	116,146	21	8	10,403	22,879
Professor	[52.] BUSINESS	52.03 Accounting & Related Srvcs	4	134,762	133,819	123,787	120,397	49	11	10,975	13,422
Professor	[52.] BUSINESS	52.14 Marketing	1	134,616	134,616	118,690	115,387	32	10	15,926	19,229
Professor	[13.] EDUCATION	13.13 Teacher Ed	2	105,893	105,893	89,192	84,692	20	6	16,701	21,201
Professor	[26.] BIOLOGICAL AND BIOMEDICAL SCIENCES		4	106,798	96,864	85,662	84,340	76	13	21,136	12,524
New Assistant Professor	45.02 Anthropology		1	54,500	54,500	54,738	54,500	7	6	-238	0
New Assistant Professor	40.08 Physics		1	57,500	57,500	57,464	56,000	7	7	36	1,500
New Assistant Professor	27.01 Mathematics		4	56,000	55,500	55,463	54,500	19	9	537	1,000
New Assistant Professor	[26.] BIOLOGICAL AND BIOMEDICAL SCIENCES		1	54,500	54,500	53,901	52,000	8	5	599	2,500
New Assistant Professor	50.07 Fine & Studio Art		1	53,500	53,500	51,236	51,073	11	6	2,264	2,427
New Assistant Professor	[42.] PSYCHOLOGY		2	58,000	58,000	55,537	55,559	16	10	2,463	2,441

Appendix B: CUPA Data Sorted by Rank and Discipline

College and University Professional Association for Human Resources (CUPA)

National Faculty Salary Survey: Multi-Discipline Report

UM-Dearborn Comparison Based on Differences in "Average"

Associate Professors

			NP	UM-Dearborn		Comparison Group				Difference in "Average"	Difference in "Median"
				Average	Dearborn	Average	Median	NP	NI		
New Assistant Professor	45.06 Economics		1	66,000	66,000	63,354	57,000	8	5	2,646	9,000
New Assistant Professor	54.01 History		1	54,060	54,060	51,364	54,060	6	5	2,696	0
Associate Professor	40.06 Geological & Earth Sci/Geosciences		1	61,390	61,390	69,889	70,077	26	8	-8,499	-8,687
Associate Professor	45.06 Economics		2	69,921	69,921	75,250	75,211	32	10	-5,329	-5,290
Associate Professor	[13.] EDUCATION	13.13 Teacher Ed	6	66,512	66,019	71,094	66,809	32	5	-4,582	-790
Associate Professor	[26.] BIOLOGICAL AND BIOMEDICAL SCIENCES		4	64,600	66,147	67,795	67,905	84	13	-3,195	-1,758
Associate Professor	50.09 Music		1	61,052	61,052	62,940	63,795	72	12	-1,888	-2,743
Associate Professor	40.05 Chemistry		6	65,773	66,803	67,629	65,767	76	14	-1,856	1,036
Associate Professor	09.01 Communication & Media Studies		4	63,741	64,239	65,256	63,900	51	9	-1,515	339
Associate Professor	40.08 Physics		1	68,644	68,644	69,438	67,306	51	14	-794	1,338
Associate Professor	45.10 Political Science & Government		4	63,320	63,426	63,467	62,367	47	12	-147	1,059
Associate Professor	[52.] BUSINESS	52.14 Marketing	1	100,707	100,707	100,413	100,707	27	9	294	0
Associate Professor	45.02 Anthropology		1	67,268	67,268	66,540	63,845	17	7	728	3,423
Associate Professor	[11.] COMPUTER AND INFORMATION SCIENCES		7	90,341	90,268	89,537	88,653	51	9	804	1,615
Associate Professor	38.01 Philosophy		2	66,481	66,481	64,978	66,133	19	7	1,503	348
Associate Professor	[52.] BUSINESS	Associate Professor	2	117,110	117,110	115,595	114,974	21	7	1,515	2,136
Associate Professor	[42.] PSYCHOLOGY		5	67,100	67,535	65,527	65,042	89	13	1,573	2,493
Associate Professor	[14.] ENGINEERING	14.19 Mechanical	8	88,206	85,756	86,453	86,333	39	6	1,753	-577
Associate Professor	27.01 Mathematics		5	69,520	66,439	67,306	66,676	94	14	2,214	-237
Associate Professor	[14.] ENGINEERING	14.10 Electrical	8	92,219	91,408	89,683	87,325	43	7	2,536	4,083
Associate Professor	[13.] EDUCATION	13.10 Special Ed & Teaching	1	66,798	66,798	64,235	64,662	12	6	2,563	2,136
Associate Professor	16.01 Linguistic, Comp & Rel Studies & Srvc		1	63,861	63,861	60,561	60,991	32	8	3,300	2,870
Associate Professor	[23.] ENGLISH LANGUAGE AND LITERATURE/LETTERS		5	66,350	64,938	62,727	63,176	111	13	3,623	1,762
Associate Professor	54.01 History		5	65,997	65,005	62,080	62,307	86	13	3,917	2,698
Associate Professor	[52.] BUSINESS	52.02 Admin, Mgt & Operations	2	108,793	108,794	101,941	101,464	53	13	6,852	7,330
Associate Professor	[52.] BUSINESS	52.03 Accounting & Related Srvc	1	117,561	117,561	110,498	112,413	25	10	7,063	5,148
Associate Professor	45.11 Sociology		2	77,594	77,594	67,692	66,743	43	10	9,902	10,851
Associate Professor	[52.] BUSINESS	52.12 Mgt Information Sys & Srvc	3	125,014	123,870	108,549	109,058	11	6	16,465	14,812
Assistant Professor	[52.] BUSINESS	Assistant Professor	5	105,872	108,075	108,496	108,628	16	9	-2,624	-553
Assistant Professor	45.06 Economics		2	67,335	67,335	69,753	69,355	31	11	-2,418	-2,020

Appendix B: CUPA Data Sorted by Rank and Discipline

College and University Professional Association for Human Resources (CUPA)

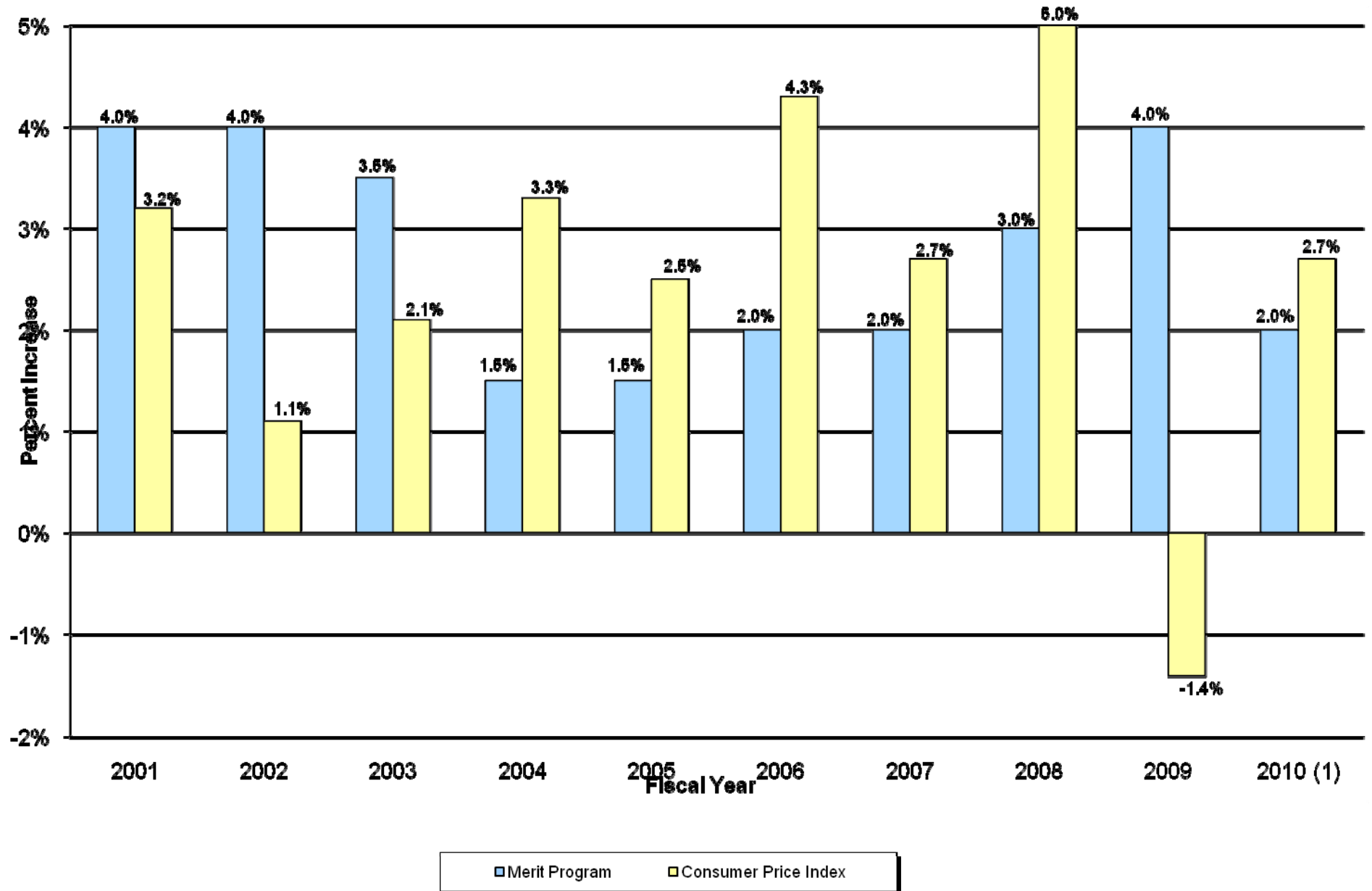
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UM-Dearborn Comparison Based on Differences in "Average"

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			UM-Dearborn		Comparison Group				Difference in "Average"	Difference in "Median"	
			NP	Average	Dearborn	Average	Median	NP			NI
Assistant Professor	27.01 Mathematics		6	56,355	55,500	58,054	57,360	88	14	-1,699	-1,860
Assistant Professor	[26.] BIOLOGICAL AND BIOMEDICAL SCIENCES		3	56,650	57,725	57,490	54,939	86	13	-840	2,786
Assistant Professor	[13.] EDUCATION	13.10 Special Ed & Teaching	2	53,349	53,349	53,835	53,349	15	5	-486	0
Assistant Professor	45.02 Anthropology		3	54,426	54,500	54,735	54,221	21	6	-309	279
Assistant Professor	40.08 Physics		2	57,285	57,285	57,487	57,285	35	13	-202	0
Assistant Professor	[13.] EDUCATION	13.13 Teacher Ed	1	55,653	55,653	55,075	53,691	23	6	578	1,962
Assistant Professor	[23.] ENGLISH LANGUAGE AND LITERATURE/LETTERS		2	53,627	53,627	52,439	51,871	88	13	1,188	1,756
Assistant Professor	[13.] EDUCATION	13.01 General	2	57,058	57,059	55,732	55,041	39	7	1,326	2,018
Assistant Professor	45.10 Political Science & Government		4	54,734	54,750	53,352	53,096	36	10	1,382	1,654
Assistant Professor	[42.] PSYCHOLOGY		7	59,685	66,541	57,778	56,237	65	12	1,907	10,304
Assistant Professor	40.05 Chemistry		2	59,523	59,523	57,266	57,126	53	14	2,257	2,397
Assistant Professor	16.09 Romance Languages		1	56,395	56,395	54,125	55,718	15	5	2,270	677
Assistant Professor	54.01 History		3	55,089	54,060	52,387	51,934	50	12	2,702	2,126
Assistant Professor	50.07 Fine & Studio Art		2	54,839	54,839	51,305	50,749	58	11	3,534	4,090
Assistant Professor	[14.] ENGINEERING	14.10 Electrical	3	82,321	82,892	77,424	79,616	28	7	4,897	3,276
Assistant Professor	45.11 Sociology		5	59,022	58,525	54,096	54,055	34	11	4,926	4,470
Assistant Professor	16.01 Linguistic, Comp & Rel Studies & Srvcs		1	56,869	56,869	51,296	50,719	30	7	5,573	6,150
Assistant Professor	[11.] COMPUTER AND INFORMATION SCIENCES		5	87,917	87,090	80,131	80,350	29	9	7,786	6,740
Assistant Professor	[14.] ENGINEERING	14.19 Mechanical	2	80,310	80,310	72,504	71,269	39	8	7,806	9,041
Assistant Professor	[52.] BUSINESS	52.02 Admin, Mgt & Operations	2	106,449	106,450	96,777	97,862	56	13	9,672	8,588
Assistant Professor	[52.] BUSINESS	52.14 Marketing	2	108,196	108,196	97,861	95,437	23	10	10,335	12,759
Assistant Professor	[52.] BUSINESS	52.12 Mgt Information Sys & Srvcs	2	107,409	107,409	96,515	96,004	16	6	10,894	11,405
Assistant Professor	[52.] BUSINESS	52.03 Accounting & Related Srvcs	2	115,579	115,579	103,747	103,490	24	10	11,832	12,089

Appendix C: Merit Pay Increases at the University of Michigan - Dearborn and Inflation



Appendix D: Faculty, Lecturer, and Administrators Salaries

Salary Data

Year	Total Tenure & Non-tenure	Non-Ten Trck Fac	Exec/Admin & Mgr	Total Tenure & Non-tenure	Non-Ten Trck Fac	Total Admin
2005	23531954.43	5715518.05	6309090.30	66.18%	16.07%	17.74%
2006	23453409.18	5535081.14	7726829.29	63.88%	15.08%	21.05%
2007	24769359.44	5967112.46	7907844.00	64.10%	15.44%	20.46%
2008	25806499.83	6348114.51	7793187.88	64.60%	15.89%	19.51%
2009	27323074.97	7075633.81	8428751.61	63.80%	16.52%	19.68%
Average Annual % Increase in last 2 years	2.48%	4.35%	1.61%			

FTE Data

Year	Total Tenure & Non-tenure	Non-Ten Trck Fac	Exec/Admin & Mgr	Total Tenure & Non-tenure	Non-Ten Trck Fac	Total Admin
2005	253.16	149.01	67.13	53.94%	31.75%	14.30%
2006	252.90	136.28	69.61	55.12%	29.70%	15.17%
2007	238.87	127.87	42.62	58.35%	31.24%	10.41%
2008	236.97	131.45	42.46	57.67%	31.99%	10.33%
2009	248.09	138.90	42.25	57.80%	32.36%	9.84%
Average Annual % Increase in last 2 years	0.95%	2.09%	-0.22%			

Salary/FTE Data

Year	Total Tenure & Non-tenure	Non-Ten Trck Fac	Exec/Admin & Mgr
2005	92952.89	38356.61	93983.17
2006	92737.88	40615.51	111009.69
2007	103693.89	46665.46	185543.03
2008	108901.97	48293.00	183541.87
2009	110133.72	50940.49	199497.08
Average Annual % Increase in last 2 years	1.52%	2.22%	1.83%

Notes:

1. % Increases are computed only for last 2 years due to misclassification errors in FTE and \$ expenditure for Exec/Admin & Mgr category in earlier years
2. Exec/Admin & Mgr category includes Chancellor, VC-Business Affairs, VC-Institutional Advancement, Provost, Associate Provosts, Chief of Staff, Deans, Associate Deans, department chairs, Program Directors, Director of Athletics, Director of Admissions, and Director of Facilities, etc.

Appendix E: Report of UM-Dearborn Benefits Committee Survey of Opinions of UM-D Faculty and Staff Regarding Health Benefits During Retirement.

UM-Dearborn Benefits Committee

May 14, 2010

The UM-Dearborn Benefits Committee created and distributed Qualtrics surveys to UM-D faculty, staff, and retirees and we report here the un-recoded or “raw” data from the surveys. We sent out two surveys: one to “everyone at umd.umich.edu” and a second to retirees only.

This part of this document reports results from the survey to active faculty and staff. The survey ran from April 19 through April 25, 2010, which was the last week of classes. We received 344 responses (UM-Dearborn has 1176 employees) and eliminated a few responses in which the 22 item (questionnaire question) survey were not completed. The similar retiree survey, reported at the end of this report, below, received 26 responses.

A look at the tables which follow show four significant and consistently expressed themes:

- If given the choice, respondents greatly prefer *to work longer in order to receive all* their health insurance costs in retirement covered.
- Two thirds of respondents felt that it was important that health insurance expenses of *dependents* of UM-Dearborn retirees would be covered.
- The majority of respondents said more of the cost burden arising from reduced University contributions for retirees should be placed on *new hires than on current employees*.
- Most respondents felt that *lower-paid faculty and staff* should be protected from substantial reductions in retiree health benefits.

These four themes were emphasized even more strongly in the retiree survey, presented below.

In this report, we include all 22 questionnaire items as originally asked. The questions are presented here in a **boldface Calibri** font. The remarks of the Benefits Committee are presented in ordinary type. The questionnaire items were not numbered for respondents; we added numbers here for ease of discussion.

You will see that the same issue is sometimes asked two different ways in this survey. Policy questions, such as those in this survey, can sometimes have specific meanings that are not necessarily shared by all respondents. Thus we asked some questions twice to make sure we were accurately getting at respondents’ opinions in the ways we wanted to know about. Nevertheless, whenever a question was

repeated in a slightly different way, the distributions came out the same, suggesting that people had stable, well-formed thoughts about these matters, and that we were not eliciting “pseudo-attitudes” that is, views that people did not hold very deeply.

The survey questions and results, along with a few comments from the Benefits Committee follow:

Our first question is whether you expect to be a retiree from the University.

If you are thinking of retiring before your mid-60's, recall that the University of Michigan defines a retiree as "any individual who voluntarily terminates from the University and who meets the following age and years of service requirements with a regular or supplemental appointment:"

Age	Years of Continuous Service
50	30
51	28
52	26
53	24
54	22
55	20
56	18
57	16
58	14
59	12
60	10

For example, if you wanted to leave the University at the age of 60, but had only 8 years of service, you would not be eligible for retirement, so your leaving the University would simply mean you had resigned. If you wanted to leave the University at age 50 and had 31 years of service you would be eligible.

1. Based on this definition, do you expect to be a retiree from the University?

#	Answer	Response	%
1	Yes	267	81%
2	No	23	7%
3	Don't know	40	12%
	Total	330	100%

If a respondent answered “No” to this question, the program routed the respondent to Question 25, which means the respondent never sees the rest of the questionnaire. Thus the survey eliminated 23 respondents at the outset. Other responses were dropped due to uncompleted questionnaires.

The University provides certain benefits, including health insurance coverage for its retirees.

The University is considering a change to a combination of retiree health benefit strategies including eligibility, access, and contributions to achieve a plan that results in a position at or above comparable institutions and provides recurring savings to the University. There are numerous ways it can do this, and some of these ways involve trade-offs between the interests of some employees as opposed to other employees. The following questions ask your advice with respect to some of these trade-offs, with the assumption that reductions for health insurance benefits for retirees are inevitable.

With respect to the ways of the University should change support for retiree health care, to what extent do you agree or disagree with the following three statements?

2. The University should provide a smaller amount of health care coverage for new hires when they reach retirement in order to reduce the extent of reduction for retiree health coverage for current UM staff, faculty and current retirees.

#	Answer		Response	%
1	Strongly agree		99	35%
2	Agree		79	28%
3	Neither agree nor disagree		28	10%
4	Disagree		43	15%
5	Strongly disagree		28	10%
6	No opinion		3	1%
	Total		280	100%

We note that with Likert-type, (agree-disagree) questions, it often makes sense to combine “agree” and “strongly agree” responses, and the same goes for “disagree” and “strongly disagree”. Thus in question 2, we would say that 63% (35% plus 28%) think the University should provide a smaller amount of health care coverage for new hires when they reach retirement in order to reduce the reduction for retiree health coverage for current UM staff, faculty and current retirees. Only 25% disagree.

3. The University should reduce its contribution towards retiree health benefits to the same extent for new hires, current employees and current retirees.

#	Answer		Response	%
1	Strongly agree		14	5%
2	Agree		47	17%
3	Neither agree nor disagree		18	6%
4	Disagree		64	23%
5	Strongly disagree		134	48%

6	No opinion		3	1%
	Total		280	100%

Here, 71% (23% plus 48%) disagree that reductions should be the same for new hires as for current employees, a similar result as question 2 shows. Only 22% see it the other way.

4. The University should make no contribution towards health care coverage for retirees' dependents (with the understanding that the retirees could purchase University health care coverage for their dependents at their own expense, but at a favorable, group-based rate).

#	Answer		Response	%
1	Strongly agree		32	12%
2	Agree		46	17%
3	Neither agree nor disagree		27	10%
4	Disagree		77	28%
5	Strongly disagree		95	34%
6	No opinion		1	0%
	Total		278	100%

Even allowing for discounted self-purchase of dependent health care coverage at retirement, 62% of respondents think it is not a good idea for the University to eliminate coverage for benefits. This 2/3 proportion appears no matter which way we address the question.

5. How important do you think it is for the University to provide a contribution to health benefits for dependents of its retirees (again, with the understanding that the University would continue to provide access to purchase the favorable rate insurance plans for dependents, even if there was no University contribution to the plan)?

#	Answer		Response	%
1	Very important		120	43%
2	Important		67	24%
3	Somewhat important		51	18%
4	Not important		40	14%
	Total		278	100%

The importance of dependent coverage is widely shared, with 67% of respondents saying it is important or very important. Question 18, below, expresses the question more personally, and we see that 68%-- almost exactly the same proportion-- expect that they may have dependents who will need health care coverage at the respondents' retirement.

6. Some people have proposed that the University adjust the reduction of retiree health benefits so that the lower-paid segments of the retiree population would have less of a reduction than higher-paid retirees. To what extent do you agree or disagree with this proposal?

#	Answer	Response	%
1	Strongly agree	74	27%
2	Agree	97	35%
3	Neither agree nor disagree	27	10%
4	Disagree	37	13%
5	Strongly disagree	42	15%
6	No opinion	2	1%
	Total	279	100%


Here, 62% agree that lower-paid employees should have less of a reduction in health benefits. The next question (7) shows the same result, expressed in terms of importance.

7. How important do you think it is that the University substantially minimize the reduction of health benefits for retirees whose University income at the point of retirement is within the lowest 20% of all University employees retiring that year?

#	Answer	Response	%
1	Very important	83	30%
2	Important	82	29%
3	Somewhat important	45	16%
4	Not very important	54	19%
5	No opinion	15	5%
	Total	279	100%

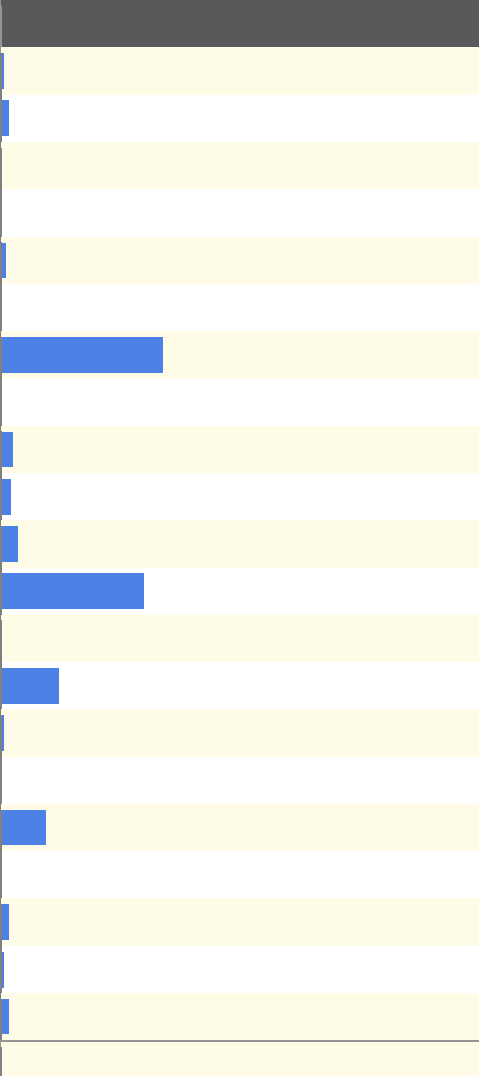












8. As you know, 50 is the earliest age a person can retire from the University and receive health insurance benefits. Do you think the University should change that age of eligibility with regard to new hires?

#	Answer	Response	%
1	Yes	202	72%
2	No	55	20%

3	No opinion		25	9%
	Total		282	100%

If the respondent selects “No” or “No opinion, the survey skips the next question, and goes on to the later question that begins, “Now about length of service...” So the 202 respondents who said “Yes” are the same as the 201 in the next question (one respondent did not answer this follow-up question).

9. What do you think should be the minimum age a person should be able to retire (that is, with retirement benefits) from the University?

#	Answer		Response	%
1	Younger than 50		1	0%
2	50		3	1%
3	51		0	0%
4	52		0	0%
5	53		2	1%
6	54		0	0%
7	55		68	34%
8	56		0	0%
9	57		5	2%
10	58		4	2%
11	59		7	3%
12	60		60	30%
13	61		0	0%
14	62		24	12%
15	63		1	0%
16	64		0	0%
17	65		19	9%
18	66		0	0%
19	67		3	1%
20	68 or older		1	0%
21	No opinion		3	1%
	Total		201	100%

The results of these two questions are striking in that nearly three quarters of respondents believe the University should expect people to work to a later age than current practice in order to be eligible for retirement benefits. The issue of years of service does not elicit such a striking result, as only 35 percent thought the requirement of years of service should be increased.

10. Now about length of service. You know that the length of service for eligibility for retirement (which includes eligibility for health benefits) varies between 10 and 30, depending on age at retirement. Do you think the University should change its requirement of length of service for retirement?

#	Answer	Response	%
1	Yes	107	38%
2	No	143	51%
3	No opinion	32	11%
	Total	282	100%

Again, only those 107 respondents who responded “Yes” saw the follow-up question.

11. Do you think the University should...

#	Answer	Response	%
1	Increase the years of service for retirement	96	91%
2	Decrease the years of service for retirement	9	9%
	Total	105	100%

12. Thinking only about new hires, do you think the University should have a fixed minimum length of service for eligibility for retirement, irrespective of age?

#	Answer	Response	%
1	Yes	182	66%
2	No	65	23%
3	No opinion	30	11%
	Total	277	100%

A large proportion (66% or 182 respondents) of respondents believe the University should have a fixed minimum length of service for retirement eligibility. Of those 182 respondents, most think the length of time should be 20 years or more, as question 13 shows.

13. Which of the following years of service comes closest to the length of time you think the University should change to for eligibility for retiree health benefits, with respect to new hires?

#	Answer		Response	%
1	Less than 20 years of service		42	23%
2	20 years of service		111	62%
3	30 years of service		23	13%
4	40 years of service		3	2%
5	More than 40 years of service		1	1%
	Total		180	100%

14. Some people have suggested that the University consider a graduated system where the number of years an employee works is related to the level the University would contribute to retiree health benefits (e.g. 20 years = 60% University Contribution, 30 years = 80% University Contribution, 40 years = 100% University Contribution etc.).

Do you agree or disagree with this suggestion?

#	Answer		Response	%
1	Strongly agree		36	13%
2	Agree		84	31%
3	Neither agree nor disagree		43	16%
4	Disagree		50	18%
5	Strongly disagree		55	20%
6	No opinion		5	2%
	Total		273	100%

Up to this point, the survey asked respondents for their advice to the University as it establishes new policies for retiree health benefits. The survey turns to addressing some of the retirement plans of these active UM-Dearborn faculty and staff.

The following questions ask about your retirement plans.

15. Thinking only of the influence of health benefits on your decision making, and not the other aspects of your work at UM-Dearborn, which of the following would you do if you had the choice: retire early and receive a smaller University contribution to retiree health benefits as a result, or work longer and receive a larger University contribution to health benefits?

#	Answer	Response	%
1	Retire early and receive a reduced University contribution to my retiree health benefits	25	9%
2	Work longer and receive an increased University contribution to my retiree health benefits	187	70%
3	Don't know	57	21%
	Total	269	100%

16. A tax exempt "health care savings account" is a program in which an employer sets aside a portion of the pre-tax earnings each employee, so that the employee would be able to spend those dollars for health insurance during retirement. The term does not imply that the employer makes any contribution; in other words, all of the money in each account comes out of the employee's earnings and goes to pay for that employee's health care expenses during retirement. The main advantage to the employee, over an ordinary savings account, is reducing income taxes during active employment.

If the University offered a health care savings account, how likely would you be to enroll in it?

#	Answer	Response	%
1	Very Likely	45	17%
2	Likely	46	17%
3	Somewhat Likely	35	13%
4	Undecided	65	24%
5	Somewhat Unlikely	20	7%
6	Unlikely	28	10%
7	Very Unlikely	33	12%
	Total	272	100%

We note that the broad spread of responses to this question, together with the large number of “undecideds” suggests that many respondents did not understand this question, and thus we think the responses should not be relied upon. It is possible that the term “health savings account” is confused with flexible spending accounts.

17. Thinking in terms of your own plans, to what extent would you agree or disagree with the following statement:

I prefer to receive a larger University contribution towards my individual retiree health benefits *rather than* receive a smaller University contribution towards my individual retiree health benefits, but have the option to add dependents.

#	Answer	Response	%
1	Strongly Agree	57	21%
2	Agree	65	24%
3	Neither Agree nor Disagree	58	22%
4	Disagree	47	18%
5	Strongly Disagree	29	11%
6	No opinion	12	4%
	Total	268	100%

18. Do you expect, upon your retirement, to have any dependents who will need health care coverage?

#	Answer	Response	%
1	Yes	120	44%
2	Maybe	64	24%
3	No	87	32%
	Total	271	100%

19. At what age do you expect to retire from the University?

#	Answer	Response	%
1	50	1	0%
2	51	0	0%
3	52	1	0%
4	53	0	0%
5	54	4	2%

6	55		7	3%
7	56		2	1%
8	57		4	2%
9	58		8	3%
10	59		2	1%
11	60		22	10%
12	61		2	1%
13	62		32	14%
14	63		5	2%
15	64		3	1%
16	65		52	23%
17	66		18	8%
18	67		14	6%
19	68		9	4%
20	69		5	2%
21	70		21	9%
22	71		2	1%
23	72		4	2%
24	73		1	0%
25	74		1	0%
26	75		8	3%
27	76		1	0%
28	77		0	0%
29	78		1	0%
30	79		0	0%
31	80 or older		1	0%
	Total		231	100%

20. Are you presently a full-time or part-time employee of the University?
























#	Answer	Response	%	
1	Full-time		263	92%
2	Part-time		22	8%
	Total		285	100%

21. Are you...

#	Answer	Response	%
1	Female	169	59%
2	Male	119	41%
	Total	288	100%

22. In what year were you originally hired full-time at the University?

#	Answer	Response	%
1	Before 1965	1	0%
2	1965	1	0%
3	1966	0	0%
4	1967	0	0%
5	1968	0	0%
6	1969	1	0%
7	1970	0	0%
8	1971	1	0%
9	1972	5	2%
10	1973	4	1%
11	1974	4	1%
12	1975	5	2%
13	1976	5	2%
14	1977	3	1%
15	1978	7	2%
16	1979	7	2%
17	1980	1	0%
18	1981	4	1%
19	1982	2	1%
20	1983	4	1%
21	1984	5	2%
22	1985	7	2%
23	1986	3	1%
24	1987	11	4%

25	1988		7	2%
26	1989		12	4%
27	1990		9	3%
28	1991		7	2%
29	1992		2	1%
30	1993		7	2%
31	1994		8	3%
32	1995		10	3%
33	1996		9	3%
34	1997		12	4%
35	1998		10	3%
36	1999		7	2%
37	2000		7	2%
38	2001		17	6%
39	2002		8	3%
40	2003		6	2%
41	2004		8	3%
42	2005		15	5%
43	2006		9	3%
44	2007		8	3%
45	2008		15	5%
46	2009		9	3%
47	2010		5	2%
	Total		288	100%

We note from the relatively high response rate as well as the strong reactions expressed by respondents that there is a great deal of concern about how the changes in retiree health benefits will be distributed and implemented. We also see an abiding concern for fairness and justice, together with high expectations regarding the exchange of work effort for employee benefits. We hope this survey provides a clear expression of these concerns and priorities and we hope that the results will be helpful in University planning.

Report of UM-Dearborn Benefits Committee Survey of Opinions of Retired UM-D Faculty and Staff Regarding Health Benefits.

UM-Dearborn Benefits Committee

May 14, 2010

The Benefits Committee sent this version of the survey to an email group called “academy” which consists of 36 names. Of these, 26 responded to the survey. A few responses were dropped because the questionnaires were not completed. This version is similar to the larger survey and includes the same question numbers. Questions that are worded differently for retirees have an R after the number, as in 15R. Question 16 was dropped, and Question 15R(a) was added. The results follow:

Our first question is whether you are a retiree from the University. A retiree is a person who voluntarily resigns from the University and has met the eligibility requirements for retiree benefits.

1R. Are you a retiree from the University of Michigan?

#	Answer	Response	%
1	Yes	23	96%
2	No	0	0%
3	Don't know	1	4%
	Total	24	100%

The University is considering a change to a combination of retiree health benefit strategies including eligibility, access, and contributions to achieve a plan that results in a position at or above comparable institutions and provides recurring savings to the University. There are numerous ways it can do this, and some of these ways involve trade-offs between the interests of some employees as opposed to other employees. The following questions ask your advice with respect to some of these trade-offs, with the assumption that reductions for health insurance benefits for retirees are inevitable.

With respect to the ways of the University should change support for retiree health care, to what extent do you agree or disagree with the following three statements?

2. The University should provide a smaller amount of health care coverage for new hires when they reach retirement in order to reduce the extent of reduction for retiree health coverage for current UM staff and faculty and current retirees.

#	Answer	Response	%
1	Strongly agree	8	40%
2	Agree	7	35%
3	Neither agree nor disagree	2	10%
4	Disagree	3	15%
5	Strongly disagree	0	0%
6	No opinion	0	0%
	Total	20	100%

3. The University should reduce its contribution towards retiree health benefits to the same extent for new hires, current employees and current retirees.

#	Answer	Response	%
1	Strongly agree	1	5%
2	Agree	4	20%
3	Neither agree nor disagree	3	15%
4	Disagree	2	10%
5	Strongly disagree	10	50%
6	No opinion	0	0%
	Total	20	100%

4. The University should make no contribution towards health care coverage for retirees' dependents (with the understanding that the retirees could purchase University health care coverage for their dependents at their own expense, but at a favorable, group-based rate).

#	Answer	Response	%
1	Strongly agree	0	0%
2	Agree	1	5%
3	Neither agree nor disagree	1	5%
4	Disagree	8	40%
5	Strongly disagree	10	50%

6	No opinion		0	0%
	Total		20	100%

5. How important do you think it is for the University to provide a contribution to health benefits for dependents of its retirees (again, with the understanding that the University would continue to provide access to purchase the favorable rate insurance plans for dependents, even if there was no University contribution to the plan)?

#	Answer		Response	%
1	Very important		10	50%
2	Important		7	35%
3	Somewhat important		1	5%
4	Not important		2	10%
	Total		20	100%

6. Some people have proposed that the University adjust the reduction of retiree health benefits so that the lower-paid segments of the retiree population would have less of a reduction than higher-paid retirees. To what extent do you agree or disagree with this proposal?

#	Answer		Response	%
1	Strongly agree		6	30%
2	Agree		8	40%
3	Neither agree nor disagree		4	20%
4	Disagree		2	10%
5	Strongly disagree		0	0%
6	No opinion		0	0%
	Total		20	100%

7. How important do you think it is that the University substantially minimize the reduction of health benefits for retirees whose University income at the point of retirement is within the lowest 20% of all University employees retiring that year?

#	Answer		Response	%
1	Very important		6	30%
2	Important		10	50%
3	Somewhat important		4	20%
4	Not very important		0	0%

5	No opinion		0	0%
	Total		20	100%

8. As you know, 50 is the earliest age a person can retire from the University and receive health insurance benefits. Do you think the University should change that age of eligibility with regard to new hires?

#	Answer		Response	%
1	Yes		16	80%
2	No		1	5%
3	No opinion		3	15%
	Total		20	100%

9. What do you think should be the minimum age a person should be able to retire (that is, with retirement benefits) from the University?

#	Answer		Response	%
1	Younger than 50		0	0%
2	50		0	0%
3	51		0	0%
4	52		0	0%
5	53		0	0%
6	54		0	0%
7	55		1	6%
8	56		0	0%
9	57		0	0%
10	58		0	0%
11	59		0	0%
12	60		7	44%
13	61		0	0%
14	62		3	19%
15	63		0	0%
16	64		0	0%
17	65		4	25%
18	66		1	6%
19	67		0	0%

20	68 or older		0	0%
21	No opinion		0	0%
	Total		16	100%

10. Now about length of service. You know that the length of service for eligibility for retirement (which includes eligibility for health benefits) varies between 10 and 30, depending on age at retirement. Do you think the University should change its requirement of length of service for retirement?

#	Answer		Response	%
1	Yes		10	56%
2	No		5	28%
3	No opinion		3	17%
	Total		18	100%

11. Do you think the University should...

#	Answer		Response	%
1	Increase the years of service for retirement		10	100%
2	Decrease the years of service for retirement		0	0%
	Total		10	100%

12. Thinking only about new hires, do you think the University should have a fixed minimum length of service for eligibility for retirement, irrespective of age?

#	Answer		Response	%
1	Yes		13	65%
2	No		4	20%
3	No opinion		3	15%
	Total		20	100%

13. Which of the following years of service comes closest to the length of time you think the University should change to for eligibility for retiree health benefits, with respect to new hires?

#	Answer	Response	%
1	Less than 20 years of service	2	15%
2	20 years of service	9	69%
3	30 years of service	1	8%
4	40 years of service	0	0%
5	More than 40 years of service	1	8%
	Total	13	100%

14. Some people have suggested that the University consider a graduated system where the number of years an employee works is related to the level the University would contribute to retiree health benefits (e.g. 20 years = 60% University Contribution, 30 years = 80% University Contribution, 40 years = 100% University Contribution etc.)

Do you agree or disagree with this suggestion?

#	Answer	Response	%
1	Strongly agree	3	16%
2	Agree	6	32%
3	Neither agree nor disagree	5	26%
4	Disagree	3	16%
5	Strongly disagree	1	5%
6	No opinion	1	5%
	Total	19	100%

The following questions ask about your retirement plans

15R. Had you known that the University might reduce its support for retiree health benefits, would you have worked longer and retired later, or would you have retired when you did?

#	Answer	Response	%
1	I would have worked longer and retired in a later year than I did.	8	50%
2	It would not have made any difference in my date of retirement.	8	50%

Total		16	100%
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15R(a). How many years more would you have worked?

#	Answer	Response	%
1	One year	0	0%
2	two years	1	13%
3	three years	2	25%
4	four years	0	0%
5	five years	3	38%
6	six years	0	0%
7	seven years	1	13%
8	eight years	0	0%
9	nine years	0	0%
10	ten or more years	1	13%
	Total	8	100%

17. If you were given the option of minimizing the reduction in the University's contribution toward your individual retiree health benefits *rather than* receive a smaller University contribution towards your individual retiree health benefits, but retain the option to include dependents within your coverage, which would you choose?

#	Answer	Response	%
1	I would choose to minimize the reduction in the University's contribution toward my health benefits.	7	37%
2	I would choose to receive a smaller contribution toward my health benefits and retain the option to include dependents in my coverage.	12	63%
	Total	19	100%

18R. Do you presently have any dependents who need health care coverage?

#	Answer	Response	%
1	Yes	10	53%
2	No	9	47%
	Total	19	100%

19R. At what age did you retire from the University?

#	Answer	Response	%
1	50	1	5%
2	51	0	0%
3	52	0	0%
4	53	0	0%
5	54	0	0%
6	55	0	0%
7	56	0	0%
8	57	0	0%
9	58	0	0%
10	59	0	0%
11	60	0	0%
12	61	0	0%
13	62	2	11%
14	63	0	0%
15	64	2	11%
16	65	3	16%
17	66	2	11%
18	67	5	26%
19	68	2	11%
20	69	1	5%
21	70	0	0%
22	71	0	0%
23	72	0	0%
24	73	1	5%
25	74	0	0%
26	75	0	0%
27	76	0	0%
28	77	0	0%
29	78	0	0%
30	79	0	0%
31	80 or older	0	0%
	Total	19	100%

20R. In the year before your date of retirement, were you a full-time or part-time employee of the University?





#	Answer	Response	%
1	Full-time	18	95%
2	Part-time	1	5%
	Total	19	100%

21. Are you...

#	Answer	Response	%
1	Female	7	39%
2	Male	11	61%
	Total	18	100%

22. In what year were you originally hired full-time at the University?

#	Answer	Response	%
1	Before 1965	3	16%
2	1965	1	5%
3	1966	0	0%
4	1967	0	0%
5	1968	1	5%
6	1969	1	5%
7	1970	2	11%
8	1971	1	5%
9	1972	1	5%
10	1973	2	11%
11	1974	1	5%
12	1975	1	5%
13	1976	1	5%
14	1977	0	0%
15	1978	0	0%
16	1979	0	0%
17	1980	0	0%

18	1981		1	5%
19	1982		1	5%
20	1983		0	0%
21	1984		1	5%
22	1985		0	0%
23	1986		0	0%
24	1987		0	0%
25	1988		0	0%
26	1989		0	0%
27	1990		1	5%
	Total		19	100%

In summary, we can see that the responses to this survey are similar to the larger survey, except that the responses to the four themes identified at the beginning of the first report are stronger. In every case where the responses are stronger, they are in the same direction as the larger survey.

About half of the respondents would have worked longer, had they known the University would reduce their health benefits after retirement. Of course, they had no way of knowing this would happen because in years past, the message from University Benefits was that employees could rely on these benefits and make retirement plans based on them. The average age of retirement of the respondents to this survey was 65 and the average numbers of years that these retirees would have worked had they known the University would change its retiree health benefits is five years.

Slightly more than half of the respondents presently have dependents who presently need health benefits coverage from the respondent-retirees.