



2074 FLEMING ADMINISTRATION BUILDING
503 THOMPSON STREET
ANN ARBOR, MI 48109-1340
734 764-6270 FAX: 734 936-3529

November 8, 2011

The Honorable Randy Richardville
Michigan State Senate
Post Office Box 30036
Lansing, Michigan 48909-7536

Dear Senate Majority Leader Richardville:

We write today to underscore the importance of providing medical benefits for members of our University community, and to ask you to oppose HB 4770-71. There is no evidence it will reduce health care costs, and it most certainly will make us less competitive.

The University of Michigan must be able to offer an excellent benefit package to our employees and to those we hope to recruit to U-M for their unique talents, skills and expertise. The environment for such talent is extraordinarily competitive, and our ability to attract and retain top faculty and staff is a significant asset for the state of Michigan. The loss of our ability to offer such benefits would put the University, and our state, at a serious disadvantage compared to peers. Fortune 500 companies nationwide and in the state of Michigan offer partner benefits: It is simply good business that produces an excellent return on investment. In the state of Michigan some of our most well-known and respected corporate neighbors – such as Dow Chemical, Ford, General Motors and Whirlpool – all provide such benefits.

It is important to assess accurate information when considering this issue. The University offers medical benefits to a qualified adult living with an employee and any dependent children. The University and the employee share the cost of the coverage. This year, 570 qualified adults receive domestic partner benefits, and 48 dependent children. The annual cost to the University for this coverage is approximately \$3,072 per person. This represents a \$1.9 million share of our total \$302 million health benefit cost. The investment of less than 0.7 percent of the total helps us recruit and keep top talent in Michigan. In the absence of benefits that are widely offered elsewhere, employees currently responsible for providing health coverage for their families may well leave, and other top candidates will choose not to come. Since these positions need to be filled, the University would not realize a net reduction in health care costs.

The University of Michigan, along with the other public universities in this state, has put enormous effort into economic development. Our institutions are tremendous magnets for talent, entrepreneurship, innovation and job creation. We are engines for the education of a highly skilled workforce to propel this state forward. We need all the talent possible to achieve those goals.

And finally, the state of Michigan and the University of Michigan are phenomenal places to call home, offering a tremendous quality of life and a welcoming environment that is appealing to top people from across the country and around the world. We have long worked with our corporate and public sector colleagues to make it so, and it is a core value of our institution to maintain that quality for all who are part of our community.

Thank you for considering our views.

Sincerely,
Handwritten signature of Mary Sue Coleman in black ink.

Mary Sue Coleman
President

Sincerely,
Handwritten signature of Phil Hanlon in black ink.

Phil Hanlon
Provost and
Executive Vice President for Academic Affairs