MINUTES

University Senate Budget Committee 1:30 P.M., August 24, 2017

Meeting was called to order at 1:36 by Unil Perera. Present were: Unil Perera (chair), Sonda Abernathy, Dian Belcher, Andrew Butler, Janice Byrd, Jani Faison, Laura Fredrick, Michael Harker, Chun Jiang, Jennifer Jones, Nancy Kropf, Joanne Lee-Joyner, Tony Lemieux, Tameka Lester, Kinsuk Maitra, Carrie Manning, Eric Morton, Eddy Nahmias, Joe Patterson, Erin Ruel, Shannon Self-Brown, Niklas Vollmer and James Weyhenmeyer. Web ex attendees included: Kari Miller, Sahithya Reddivari, Sara Rosen, Jowanna Tillman and Wade Weast.

Perera asked those assembled to introduce themselves.

Minutes of the 4/19/17 meeting were approved by acclamation after note of one correction. Correction to meeting minutes: Joanne Lee-Joyner signed up for retirement sub-committee and name has not been listed. She will be added going forward. Unil reminded committee of next meeting on Tuesday, 9/12. Future speakers will be Lisa Armistead Jerry Rackliffe, Ramesh Vakamudi and James Weyhenmeyer. Please recommend others you would like to hear from for future meetings.

Tom Lewis was at the last meeting to discuss retirement contributions. For history and context: 10-12 years ago, there was a question of whether people could move between systems (ORP to TRS; vice versa) TRS – 14.27% system contribution; ORS = 9.24%; the separation got larger on a year over year basis – where the TRS grew in % and ORP did not. Fewer ORP employees at the time; so less emphasis put on this. If you were TRS, you could move to the ORP – people wanted to do this at the time because there was growth.

This issue surfaced again w/ new chancellor. Saw the need for an effort to address the differential to try to close the gap; previous chancellor wanted to allow for people to transfer back into TRS – are we going to let faculty go from one to another (it was linked to health of economy). State auditor found that there would be a state cost, because it is based on what the employer pays – would cost the system more money. This got pushed off the table when there were lean years of salary not getting increased; but now is back at issue. The issue is going from ORP to TRS. The system has to agree that they will raise and pay the difference. Legislature has not seemed to want to introduce this, it is not a current priority that Tom sees as driven primarily by the dollar. If you start addressing it, it would have to be over the course of years. More faculty are on ORP now compared to 10-15 years ago, but it is an inequity as Tom described it.

How do you begin this process: Continue to address this, and to see if there is an appetite to increase incrementally (2%), but this will be limited by state revenues? For TRS the system contribution is decided by TRS board. Discussion about who is responsible for the ORP? Follow up would be, as people are making the decision – it needs to be more transparent. Discussion of
pension costs; new faculty – given very limited window; ORP more common. Discussion of how these get contributed to: two different systems. Willingness to try to increase the % was a question raised by Unil to Tom – the University would have high level conversation about this; Budget of the USG is largely driven by big 4 universities, plus GA Southern and Kennesaw. The only way this may happen in Tom’s estimation is gradual increase. But this is contingent on figuring out how to pay for it.

Five budget committee members (Laura Frederick, Joanna Lee-Joyner, Kinsuk Maitra, Erin Ruel and Jowanna Tillman) volunteered to be in a subcommittee to discuss the issue. They will work specifically with the senate Faculty Affairs committee as they search for answers. Erin Ruel agreed to chair this sub-committee.

Several issues were brought to the committee’s attention regarding retirement plans:
- The amount of time new faculty waits to sign up for a specific plan
- If plan is chosen and then a member decides to change, what should the time frame be for that?
- Should a member have the ability to move from one plan to another? The draw back to this flexibility is people constantly changing according to the daily stock market.

The specific charges for the subcommittee are to: Hold meetings and return to SBC outlining defined subcommittee goals, Learn more about TRS vs. ORP, find out why there is a difference in members for each plan. Also, can the state increase member numbers in ORP. Finally, faculty members are confused by choices and ask to be assigned to a plan. The confusion needs to be addressed.

It was discussed that although the ORP has faults it is fully vested, whereas with TRS there is a waiting period of 10 years. Committee member asked if it is possible to have particular windows that align with the reality of academic life cycle. If employee contributions in ORP are increased what will that do to the fringe and how should we proceed? Jim addressed this by stating that algorithms are used to see what the contributions will look like. He suggested that Ryan Eastwood in his office can look at this and make suggestions. An additional concern is the lobby group for TRS. ORP does not have the same, so committee member is wondering why only TRS has lobbying on its behalf. TRS is a state run program and the legislature does have ability to manipulate what numbers look like. ORP carries more risk but its stability is better in that it has billions of dollars of diversified portfolio in addition to the stock market. In ORP you can manage your own portfolio which is a positive aspect of the plan.

It would be advantageous to get a sense of faculty/staff split of who is choosing which plans. Years ago, everyone had to join TRS, currently it is mandatory for nonexempt employees, which could be why the numbers are so high. A Question was asked if Major Repairs and Renovation Fund is a subcommittee. It is not a subcommittee. More information will be forthcoming about the committee.

Meeting adjourned. Respectfully submitted by Julie V. Lawson.