

## **University Senate Budget Committee**

Tuesday, February 19, 2013

315 Dahlberg Hall

3:00 PM

Members Present: Lesley Reid, JoAnn Bacon, Jennifer Chiovaro, Cheryl Delk-LeGood Peggy Gallagher, Skye Hardesty, Hugh Hudson, Miriam Jackson, William Long, Jerry Rackliffe, Cherian Thachenkary, Elizabeth West, Katherine Willoughby, Margaret Wilmoth.

1. Lesley Reid passed out sign-in sheet, agenda, minutes and the Benefits Subcommittee draft of hybrid retirement plan proposal.
2. Minutes were unanimously approved.
3. Jerry Rackliffe gave an update on the budget. GSU is up 300 students Spring Semester, compared to last Spring Semester. While a modest increase, we were the only university to see an increase and it was sufficient to meet budget projections. We have adjusted our base budget to be balanced for next year, even incorporating budget cuts.
4. Lesley Reid reported that the Salary Compression Subcommittee will be doing the bulk of its work during the Summer Semester, gathering necessary data.
5. Cherian Thachenkary, of the Benefits Subcommittee, discussed the Hybrid Pension Plan Proposal.

This joint subcommittee with Faculty Affairs was charged with coming up with a proposal to offer a hybrid pension plan -- a third alternative to TRS and ORP. The current required contribution rates for TRS and ORP in 2012-13 are roughly 12% for the employer share and 6% for the employee's share. The ORP has a slightly reduced employer share because TRS lost a few billion dollars over the last couple of years, due to fluctuations in the stock market and raised both shares to make up the losses. In this proposal the subcommittee presents a third option, a hybrid plan. There will be a guaranteed annuity of about 1% of your salary, and then part of the money will be deposited for self management. The rationale is that in the worst case scenario, one is still guaranteed part of one's retirement by the state. A number of employers are moving in this direction. The state of Georgia offers a hybrid plan to state employees that has similar features to the current proposal. The city of Atlanta also offers a hybrid plan for employees. In this report, the subcommittee briefly describe TRS and ORP, lays out evidence of the city's and state's hybrid plan and makes arguments as to why the BOR should consider offering a hybrid plan as a third option -- primarily as a recruitment tool. Finally, the report provides a set of recommendations,

given that the actual details of the plan will be put together by professional consultants later. The subcommittee suggests that the combined required contribution rate should be no less than TRS or ORP.

Jerry Rackliffe gave updates on BOR legislation regarding benefits. There are two bills addressing the topic. One would give BOR authority to set the matching rate for ORP, so that there won't be a disparity between ORP and TRS. The other would give employees an opportunity to switch between TRS or ORP.

There were several questions from the committee. The first inquired about whether it would be problematic to offer this plan to current employees, not just new employees. Cherian Thachenkary answered that because it is revenue neutral, it shouldn't be. Second question from the committee: If we ask for a third option, could that become the only option, and what would be the repercussions? Answer: We do have that concern. Other plans that cost the university more money might be dropped. That is why the report explicitly states it should be offered as a third option, in addition to other options. Third question from the committee: If the BOR takes control over this plan, what would happen? Answer: The BOR would keep all three plans. Fourth question from the committee: Is this something an untenured faculty could get into after tenure? Answer: There is a separate bill before the legislature that would allow this. Fifth question from the committee: What will be the relative contributions to the hybrid plan? Answer: We don't know how the contributions will be set; that must be done during actuarial calculations by professional accountants. But there is no discussion of locking in contributions.

The committee adopted the proposal. Lesley promised to make sure it gets to Faculty Affairs this Thursday.

6. Lesley discussed plans for future USBC meetings.

For our March meeting, William Massey will be here to discuss development. Then in April Human Resources Vice Chancellor Marion Fedrick will be joining us. To accommodate her schedule we will be having it on Wednesday April 24<sup>th</sup> instead of Tuesday April 23<sup>rd</sup>. Tentatively we will still hold it in the usual location, but that is still unconfirmed. There is also a meeting scheduled for May 21<sup>st</sup>. Given that the new Senate cycle begins in April, the committee decided that next year's chair will set the day and time for next year's meetings.

7. There was no new business.

8. The meeting was adjourned.