**Faculty Senate Budget Committee**

Minutes of the March 5th, 2019 Meeting, Brookside Room, Administrative Center

**Members Present:** Mark L. Johnson (Chair), Eduardo Abreu, Paul Cuddy, Ceki Halmen, Kelli Cox (ex officio), Tony Luppino, Linda Mitchell (Past Chair, Faculty Senate), Brent Never (invited guest), Erik Olsen, Buddy Pennington, Sully Read, Leigh Salzsieder, Melanie Simmer-Beck, Steve Stoner, Ronald Tice, Karen Wilkerson (guest).

**Members Excused:** Stephen Dilks, Anil Kumar, Sharon Lindenbaum (ex officio), Jennifer Waddell.

Dr. Johnson called the meeting to order at 1:01 PM.

1. **Approval of Previous Meeting Minutes:** Dr. Johnson asked if there were any corrections/additions to the minutes of the December 11th , 2018 meeting. None were made. Paul Cuddy moved approval, Sully read seconded. The minutes were unanimously approved.
2. **UMKC Retirement Benefits;** Brent Never who is a UMKC representative on the TRAC committee summarized recent discussions being held with regard to potential changes in the retirement benefits package. He indicated that the reevaluation of the retirement benefits being offered would only apply to new hires beginning in the Fall of 2019. He noted that UMKC is one of two Universities (U California being the other) that has a defined benefit program. We fully fund our plan. The target for the plan is an annual 8% ROI annually and when the investments do not yield that amount, the University has to “top it off” to cover any shortfall. The TRAC has been considering options and discussed alternative type of plans. This Fall (October 1, 2019) the new plan for new hires that is up to an 8% employee contribution with a match of whatever amount the employee chooses by the University (up to the 8% max). There would be a 3-year investiture period. At present, we are waiting for Curator’s approval for this plan to be implemented.

Sully commented that, in part, for a long period of time when our salaries were not competitive, the defined benefit program was touted as a huge incentive for new hires, this new plan diminished the incentive and could have negative consequences with regard to hiring. Brent replied that he agreed and this was discussed by the TRAC at length. One argument against this concern he noted was that the turnover rate of faculty across the country is much higher than it used to be and this changes the dynamics of retirement benefits and how they may impact hiring.

Eric asked how many Universities have multiple benefit plans? He felt that the implications of a defined benefit plan vs employee contributions doesn’t hold true any longer. Brent agreed, he did not know the answer to Eric’s question.

Tony noted that in 2009-12 when the stock market was increasing and the University failed to maintain a level of control, which cost big with the market crashed. He asked if there was any conversation about increasing the tax and/or an erosion of medical benefits? Brent agreed, but indicated that no such conversations were being held now.

Sully asked if new hires are not contributing to the plan in 3-5 this could potentially put the current plan at risk. Brent indicated that there might be some short term risk potential, but after 3-5 years there should be very little risk.

Mark asked if there would be an impact from the VSP? Brent said he was not sure as the number taking the VSP is uncertain at present. Tony asked if there were any numbers on how much the VSP would cost. Karen indicated that the max assumption is $8-9 million. Linda then asked if there is any clarification on new hires? Karen indicated not yet.

Linda questioned the validity of the suggestion that new younger hires move around a lot more and if this was really the case? Brent stated that they had a lot of discussion about this and several other options were also discussed. Linda asked if a plan had been considered in which the University would make a base contribution and the employee could then make a flexible amount up to the Federal max? Brent indicated that several types of plans along these lines were discussed.

Sully asked if the TRAC looked at how much people would have to save to equal the plan proposed? Brent indicated that this was looked at and the old plan was slightly better and the new plan slightly worst.

Tony suggested that FSBC should request a comparison of the total rewards plans across our peer institutions.

The committee thanks Brent for bringing us up to date on the TRAC discussions.

**3. Q2 FY19 Financial Report:** Karen Wilkerson gave the report of Q2 financials. (see attached presentation). Currently we are $9.6 million and $18.8 million favorable to the prior year. Current concern is the increasing costs of insurance.

Sully asked if Oak Place is settled? Karen said that it is not yet settled. Insurance related to that should remain the same.

 Kelli asked if the Summer is split? Karen said yes, it is.

 Sully asked about the red numbers in Administrative Services, if you can judge based on previous years to provide a direct comparison? Tony asked how much moved from the various Units to Central? He also asked if they understand how the VSP will hit the reserves? Karen indicated that they have those numbers and/or projections.

**4. APR Update:** Kelli Cox indicated that they are waiting for the finance numbers from System and then distribution should start. The data will include FY16-17-18 and be split out by Unit. She noted that the Summer School Task Force has changed to two 5-week sessions and they want to make uniform the pay policy for Summer School. Linda indicated she would ask the Dean for this information.

There being no other business, the meeting was adjourned at 2:10 pm.

Respectfully submitted,



Mark L. Johnson, Ph.D.

Chair, FSBC