

Samford University

Business Affairs and Faculty Welfare Committee

Meeting Minutes

October 8, 2009

9:45 a.m.

Type of Meeting: Regular Committee Meeting

Location: Dean's Conference Room, DBH 3rd floor

Meeting Facilitator: Cynthia Frownfelter-Lohrke, Chair

Committee Members Present: Allison Jackson, Judy Bourrand, Doug Webster, Ed Craig, Jack Nelson, Scott Fisk, Andy Konitzer, Buck Brock, Tatyana Karaman

Committee Members Absent: Steve Stricker

Invitees Present: Jennings Marshall, Fred Rogan

Meeting was called to order by Cynthia Lohrke.

Minutes from April 23, 2009, meeting approved by consensus.

I. Open issues

- A. Revised Committee Charge – Cynthia has compared the recently adopted committee charge to the final committee charge in the newly adopted Faculty Handbook. The only major change is two new ex officio members – Brad Creed and Sara Latham. Due to the amount of issues which come to the committee we will try to devote meetings to certain issues (i.e., next meeting – Public Safety with Chief Coppage).
- B. Police Chief Search Update – Mike Coppage is new Director of Public Safety and Emergency Management. Worked for the Birmingham Police Department for 24 years, serving as Chief of Police from 1998 to 2003. He left that role when he was appointed by Governor Riley to become the Director of the Alabama Department of Public Safety. He served in that role until his retirement in 2006. Cynthia participated in all the interviews. Chief Coppage will be at next Committee meeting. Bring questions for him then.
- C. Status on University Task Force – Task Force has not met yet this term. We had many meetings in the Spring, one with consultant who assisted the group in coming up with options for reducing our expenses. Cynthia has not heard any follow up. Task Force will meet on October 22. Committee members should touch base with their department representative for updates.
- D. Status of Campus Signage – Campus signage has a long history in this Committee. It was tough to find someone who would take ownership of the issue but now thanks to Sarah Latham VP of Operations, there are new signs on Sherman Circle directing visitors to various venues on campus.
- E. Salary Survey – See URL to survey in today's agenda.

II. Deferred to Next Meeting

- A. Review of Additions to the Faculty Handbook Sections A.7.4.2 and A.7.4.3 regarding Administrative Faculty
- B. Faculty Admission to Sporting Events
- C. 403B Status Enrollment – Fred Rogan will present at next meeting where Business Affairs is discussed.
- D. Computer Loan Program – Was discontinued, Committee has been asked to reconsider.

III. New Business

A. *Summer Pension Committee Meeting Report (Jennings Marshall)*

Pension Committee heard presentation from consultant and trustee subcommittee – discussed shortfall and several things came up. Jennings left meeting with the belief they would look at changing early retirement because it is not “actuarially neutral.” University is interested in eliminating fringe for part time faculty. Consensus was that those would be only two things to be looked at. At Fall Institute – Pres. Westmoreland said that there would not be any significant changes in pension plan.

Question was raised about change on early deduction factor of 3.5%. The Actuaries said we need to be closer to 5% to be neutral. Our plan with 3.5 means you are better off to retire early. Not being neutral, favors the employee.

Floor was open for discussion about feelings related to adjunct faculty being taken off of retirement plan. If this becomes an issue, legal research and writing faculty would be a concern.

Any change in the retirement plan would only apply to future years – will not be retroactive. 139 adjuncts in plan, but not all are currently active.

Question: What do adjuncts have to do to be in plan?

Answer: Two classes per academic year (each class counts as 40 hours per week X 15 weeks = 650 hours), including Jan term. It does not have to do with credit hours. As soon as you reach 1000 hours you roll into plan for year. Jennings Marshall said that in 1985 the faculty at a faculty retreat had voted against fringe for part time faculty. He had no idea why adjunct faculty was included in the plan.

B. *Budget and Financial Condition Update (Buck Brock)*

\$5.7 million deficit in our operations last year – deficit increased through second half of fiscal year 2009. Significant additional charge for pension plan, etc. Have a five year plan that moves us from \$5 million deficit back to zero.

Very good fall with record enrollment. Good entering freshman class. Retention off some. According to budget, graduate programs did better than expected – including nurse chiropractic program which may or may not continue. A little over revenue numbers for Fall. Plan an increase in tuition in 4% range. Continuing to focus on enrollment to move that number up.

C. *Pension Update (Buck Brock)*

\$41 million pension liability which is a result of market decline and some funding holidays. This year will require a \$9.5 – 11 million contribution to the pension plan. Have engaged Mercer and Guidestone for assistance as we evaluate where we are and what to do to with the plan.

See handout “Possible Amendments for Consideration.”

Four things are on the table (Plan Design Changes for Possible Consideration, p. 7):

1. Eliminate Adjunct faculty participation - Discontinuing adjunct participation = \$3M savings over 29 years (p. 10)
2. Limiting Early retirement options for future hires -- Eliminating early retirement subsidy = \$18M savings over 29 years (p. 12) – affects everyone
3. Extend integration with Social Security covered compensation to all employees for future accruals -- Applying covered compensation to all participants = \$5M savings over 29 years (p. 11)
4. Modify formula from 1.83% to 1.5% -- Modifying formula from 1.83% to 1.5% = \$60M savings over 29 years (p. 13)

Changes under consideration provided by Guidestone and revised by Mercer. Would have positive effect for University; not retroactive but would affect all employees going forward.

We continue to deal with bond issue and downgrade in bond rating expected. Hope to hold downgrade to one notch which would be A3 or B.

Remain committed to plan. Good plan, “rich” as pension plans go. Need to look at long-term viability of plan and keep affordable. Work continues – are analyzing.

Covered compensation – started at less than parity. Does not change for what has been earned already.

Funded liability percentages – numbers are large and real. Plan for funds dictated by rules/regulations. Looking at 8 – 8.5% return. Need to find point where Pension Plan is sustainable.

Big drop in projection on graphs illustrates point where we catch up plan. We are being penalized because we are below 80%.

Question: How many current retirees are being paid out of the pension plan?

Answer: 200 – 300 are currently collecting, but not full benefit.

Question: Is a pension fund freeze off the table or still under consideration?

Answer: Are not going to touch plan right now

Question: Could scenarios be produced using proposed changes under different situations and effects?

Answer: Buck can generate static scenarios as examples.

Jennings volunteered to generate various scenarios for review.

Buck recommended that Committee convene again as soon as possible to look at more and to understand how it will impact those most affected.

Proposal needs to be presented to Trustees at their meeting October 20, 2009.

Discussion.

Meeting adjourned.

Cynthia will email Committee with information for next meeting.