

Attachment 5

To: Senate Faculty Affairs Committee

From: Faculty Salaries and Fringe Benefits Committee

Date: April 2, 2007

Subject: Board of Regents Retirement Contribution

The Faculty Salaries and Fringe Benefits Committee would like to propose the following recommendation to the university administration after our having deliberated at length about the ongoing dilemmas of the salaries and benefits situation for personnel at KSU.

The proposal is to increase the university's retirement contribution by 1.5 %. We realize that such a bold proposal goes beyond what can be administratively accomplished "in house," but we also believe that the time is right to make the strongest of appeals to the Regents for a statewide enhancement of this benefit. Raising the contribution to 10% would match the University of Colorado, and give us a larger contribution than Missouri, Nebraska, and the Texas schools in the Big 12. We would still lag behind Iowa State, Oklahoma and Oklahoma State. With approval of this proposal, the contribution, in comparison with our peer universities, would leave us second only to Iowa State and Oklahoma State. (See attached table).

We are motivated by the following reasons for this recommendation:

1. This would be the most fair and equitable form of increase since it includes everyone in the Board of Regent's retirement plan. It would not single out any group or groups of employees as other benefits inevitably must do. As a significant gesture to most, it would thus be an appropriate complement to other important benefit programs, such as the tuition waiver, that provide assistance only to some.
2. It would provide "talking points" for recruitment of faculty and unclassified professionals by department/unit heads and deans, putting the university at a higher competitive range among peers in its striving toward every kind of excellence and stature.
3. At the same time that it would offer an incentive to highly sought faculty, it would provide the best sort of performance of good will for all faculty, from recent hires to long-term employees. It would increase the options for retirement decisions based on what is good for the individual and the University, rather than having an individual remain beyond optimum time for "more retirement money."
4. As an across-the-board increase, it would not be subject to further sorts of adjustments and rectifications, from equity increases to compression adjustments, that inevitably accompany such attention to salary increases. And yet, as a percentage increase, it would still respond to existing salary differentials to reflect the meritocratic standards required by the state. The current 8.5% contribution was implemented in 1994. Since this percentage is already based on lower than average salaries, we fall further behind other institutions with this benefit.

5. Just as it could be used for “talking points” for future hires, it could be used to improve our capability of retention, both as a material gain and also as a forward-looking demonstration of how the university views long-term commitment and loyalty: qualities harder and harder to come by, if not sometimes actively discouraged, in the working world today.

For these reasons and at this time, we believe that the proposal makes good sense. When salaries cannot be raised sufficiently to provide a determinate competitive edge with our peers, some advantage would accrue from looking seriously at benefits such as this one in particular, if not other benefits that we would like to see added or increased within the university.

Based upon FY06 data, the increased cost to the University from 8.5% to 10% appears to be approximately \$2.46 million.

Institution	Faculty Contributions	University Contributions
Big 12 *		
Oklahoma	5.50%	14.40%
Iowa State	5.90%	11.00%
Oklahoma State	0.00%	11.00%
Kansas State (proposed)	5.50%	10.00%
Colorado-Boulder	5.00%	10.00%
Kansas	5.50%	8.50%
Kansas State (current)	5.50%	8.50%
Texas A&M	6.65%	8.50%
Texas	6.40% / 6.00%	6.00% / 8.50%
Nebraska	3.50% / 5.50%	6.00% / 8.50%
Missouri	0.00%	6.73%
Texas Tech	6.40%	6.00%
Baylor	NA	NA
Peers		
Iowa State	5.90%	11.00%
Oklahoma State	0.00%	11.00%
Kansas State (proposed)	5.50%	10.00%
Colorado State **	8.00%	9.00%
Kansas State (current)	5.50%	8.50%
Oregon State***	6.00%	8.04%
North Carolina State**	6.00%	6.82%

* From Big 12 Financial Officers Report at Annual Meeting

** Figures obtained through K-State’s Office of Planning and Analysis

*** Figures from http://www.ous.edu/dept/hr/files/ORP%20Choices%20Guide%202007_Edition%202.pdf (“As of January 1, 2007, the Employer Contribution is 8.04% of salary. The Employer Contribution will change to 5.82% of salary on July 1, 2007”.)

Drafted by the Faculty Salaries and Fringe Benefits Committee for consideration by the Faculty Senate Faculty Affairs Committee.