

MEMORANDUM

To: Ashish Vaidya, President
Cc: Sue Ott Rowlands, Provost and Vice President for Academic Affairs
From: Matthew Zacate, Faculty Senate President
Re: Resolution to minimize possible negative effects on staff when considering changes to retirement plans
Date: January 15, 2020

There is a growing awareness among the faculty that much of the staff is concerned about possible changes to the staff retirement plan and to terms of their pensions. This prompted the senate's Professional Concerns Committee (PCC) to recommend that the Faculty Senate pass a resolution about the pension issue. The resolution along with the background put together by the PCC is appended below.

The resolution was passed by the senate at its meeting on December 13, 2019.

The senate Budget Committee may also make a recommendation on a follow-up resolution in the coming months.

(Begin resolution.)

The Northern Kentucky University Faculty Senate believes that recruiting, supporting, and retaining an excellent staff is critical to the operation of the University. Those staff employees with the longest tenure at NKU possess an irreplaceable institutional knowledge. As NKU begins the implementation of the new strategic framework, *Success By Design*, which focuses on student success, staff support for faculty and students will become even more important. Therefore, the Faculty Senate at NKU urges university leadership to prioritize investing in staff by allocating the funds needed to minimize the negative effects on every staff member of changes to NKU's retirement system.

Background

On July 24, 2019, Governor Bevin signed House Bill 1 (HB1) which allows Kentucky Employees Retirement System (KERS) employers the opportunity to elect to cease participation in KERS on June 30, 2020. NKU is a KERS employer, and consequently, must decide by May 1, 2020 whether to elect to voluntarily cease participating in KERS. There are currently 737 NKU employees in KERS, with 252 in Tier 1 (longest service to NKU, employed prior to 9/1/2008) and 174 in Tier 2 (entered KERS between 9/1/2008 and 12/31/2013).

HB1 mandates that the exiting employers make a number of decisions regarding the details of the exit. These include whether to pay the costs of exiting as a lump sum or installment payments, whether employees hired prior to January 1, 2014 will continue in KERS, and what alternate retirement plan will be available for exiting employees. NKU is expected to choose to exit KERS.

Staff Congress leadership has indicated that some NKU employees have been calculated to lose hundreds of dollars per month and hundreds of thousands of dollars over the course of their retirement, assuming that NKU chooses for employees to exit KERS.

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