

To: EKU Faculty Senate

From: Senator Michael T. Benson

RE: March Faculty Senate Report

Date: March 1, 2019

There is no question the impact our caring faculty and staff have on our students is immeasurable. What I have long observed, but perhaps can be overlooked in our day-to-day focus on immediate student needs, is the effect the collective brain power of our subject experts can have on our institution, service region and our world.

I firmly believe our greatest asset at EKU is our human capital and that was certainly evident at last month's regular board meeting, as four applicants for the Board Innovation Fund presented their work and ideas to solve problems and improve quality of life for society at large.

These included:

- Dr. Lindsay Calderon and Dr. Margaret Ndinguri informed us about the discovery of a chemical compound that targets cancer tumors, while sparing many of the body's normal healthy cells, reducing the side effects currently associated with treatment
- Dr. Judy Jenkins's proposal focused on the utilization of solar energy to reduce our carbon footprint at EKU
- Dr. Dana Bush received funding to expand comprehensive intergenerational healthcare and child care services
- Dr. Jason Marion proposed solutions to ensure safe drinking water after natural disasters in developing nations

Congratulations to all of the winning proposals. Your ingenuity and determination are infectious. The Board intends to hear another round of applicants next year, and both faculty and staff are eligible to submit proposals. One board member wrote an email to me yesterday that included this: "Our recent meeting was perhaps the most inspirational meeting I have ever attended in my career. I was so honored to be part of a group that supported such worthy projects."

Another item that generated a healthy amount of discussion at the Board meeting was the acquisition of White Hall. I would like to address some of the most common questions/concerns presented about this historic property and how it fits into the mission of EKU:

- This historically significant property will have an immediate impact on our campus outreach and student learning as our city, county and state partners will collaborate for a "partnership for preservation" for White Hall.
- The agreement with the Kentucky Department of Parks includes a revenue increase to cover the anticipated operating expenses of \$100,000 in the first two years. It would operate as an auxiliary facility led by EKU Conferencing and Events.

- This transfer brings an incredible opportunity for direct access to the historic property to use it as a real-world teaching tool for the Department of Recreation and Park Administration (RPA). Students will have a chance to get hands-on experience curating a historic property and the site offers numerous other educational opportunities for several academic programs.
- A transition team is currently being formed to maximize the benefit for both the university and the general public.

There was encouraging progress last week on a matter that does have a significant impact on our budget, the proposed reform of university participation in the Kentucky Employee Retirement System (KERS). While faculty and a portion of our professional staff participate in the Kentucky Teachers' Retirement System (KTRS), the cost of KERS benefits for hundreds of EKV staff has skyrocketed to an anticipated \$9.6 million increase in the next fiscal year. It is irrefutable this would be an unsustainable liability for our already stretched budget. I commend my fellow regional university presidents for the collaboration on a solution that meets our current obligations to the state, while also protecting employee benefits and rights. [House Bill 358](#), filed by Rep. James Tipton, passed the Kentucky House of Representatives. We will watch closely as it heads to the state Senate. Below is a letter submitted to the Senate, and signed by CPE President Aaron Thompson and all the presidents of Kentucky's comprehensive institutions, along with KCTCS President Jay Box. This entire effort has involved a collective and unified "heavy lift" on the part of each and every campus.

Finally, as we finish the last week before Spring Break I encourage you to look for opportunities for new growth and renewal in this season. We can all benefit from stepping out of our comfort zones, giving a known challenge a fresh look or seeking a new perspective on an important issue facing you professionally or personally. I hope each of you will find time to relax and enjoy friends and family over the break. You all have earned it.

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To Members of the Kentucky State Senate:

Pension uncertainty and unsustainable escalating mandated costs have resulted in millions of dollars in budget cuts, reductions in services to students, and long-term threats to the viability of the retirement benefits promised to our employees, current and retired.

A record amount of general fund dollars has been directed to the retirement system in recent years. Millions of dollars came at the expense of postsecondary education. More dollars alone will not resolve this problem. It is essential that substantial reforms be enacted on a comprehensive scale to address the problem with state pension plans in which the postsecondary institutions and KHESLC are required to participate.

In December, the Kentucky Employee Retirement Systems released the details of a report they had worked on since adjournment of the 2018 General Assembly. They were tasked with developing a plan for quasi-governmental agencies and universities to address the financial burden it places on our institutions. While we appreciate their recommendation to freeze rates for one more year, we would like to offer a meaningful long-term solution.

We write to ask your support of structural and contribution rate reform for the above postsecondary entities participating in the KY Employees Retirement System.

Higher education leaders at postsecondary institutions that are participating in the pension system and KHESLC have worked very hard with House Leadership to advance the conversation for a responsible and sustainable plan: HB 358. We are grateful to Rep. James Tipton for his sponsorship of the bill.

As HB 358 moves to the Senate to be considered, we respectfully request the following considerations as it relates to the current form of HB 358 and how it might impact each of our respective higher education institutions. In order for each of our institutions to garner the intended relief in HB 358, we respectfully request your consideration of the following core tenets and changes.

CORE TENETS:

- Provide existing employees a one-time opportunity to exit from KERS and begin participation in a university-sponsored defined contribution retirement plan.
- Commission a new actuarial analysis, in collaboration with the Kentucky Retirement Systems, to establish the agency-specific pension liability.

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- Offer the choice to each institution, who finds it fiscally prudent, through board approval, to cease participation in KERS, to pay off our specific unfunded liability through a long-term financing package with KERS.
- Freeze rates at 2018-2019 levels for 2019-2020 while each institution considers their respective options.

REQUESTED CHANGES TO HB 358:

- Allow each institution, beginning upon signature of the bill, to place all **new** hires in a university-sponsored defined contribution retirement plan, regardless of whether an institution chooses to cease participation in KERS.

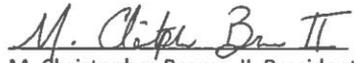
We look forward to continued engagement with you to help provide practical solutions to the pension crisis and encouraging future investments in postsecondary education in Kentucky in order to secure its long-term viability.

Sincerely,

Presidents, Kentucky Comprehensive Public Universities and KCTCS
President, Council on Postsecondary Education
Executive Director, Kentucky Higher Education Assistance Authority
(Signatures on attached page)



Aaron Thompson, President
Council on Postsecondary Education



M. Christopher Brown, II, President
Kentucky State University



Jay A. Morgan, President
Morehead State University



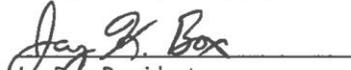
Ashish Vaidya, President
Northern Kentucky University



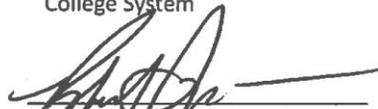
Gene Hutchins, Executive Director
Kentucky Higher Education
Education Assistance Authority



Michael T. Benson
Eastern Kentucky University and
Chair, Advisory Conference of Presidents



Jay R. Box, President
Kentucky Community and Technical
College System



Robert Jackson, Int. President
Murray State University



Timothy C. Caboni, President
Western Kentucky University