

To: Chancellor Erroll B. Davis, Jr. and President Michael Adams
From: The University Council of The University of Georgia

The University Council of the University of Georgia, which includes the corps of instruction and the administrative officers in accordance with Regents' Policy, wishes to express serious concerns regarding the announced cuts in the state contribution in the University of Georgia Optional Retirement Plan (ORP).

Our concerns are multi-leveled:

1. For many new tenure-track faculty, ORP is the only practical retirement option in light of the fact that the 10-year waiting period for vesting in Teachers' Retirement System (TRS) exceeds the 7-year probationary period for tenure. The proposed cut represents a 1.53% reduction in total compensation to ORP members and ultimately may increase the age of retirement for as many as 987 faculty members at UGA.
2. Faculty members are particularly concerned because as the ORP is being reduced the TRS of Georgia is being increased. The ORP state contribution rate will be reduced to 8.13% while the TRS will be increased to 9.28%.
3. This is not the first reduction in benefits for those people participating in the ORP. We are concerned because this large decrease in the rate of contribution to ORP is the second in just three years, while the contribution to TRS has remained steady.
4. No rationale for the reduction was offered until after it had been announced, and faculty members were not consulted or involved in the process.
5. This measure will directly affect the ability of UGA to recruit the best faculty.

Therefore, the University Council requests that the Legislature after consultation with the Board of Regents of the University System of Georgia (USG) take three actions:

1. TRS and ORP should be separate entities, in recognition of their fundamental differences with respect to their financial models (defined benefit vs. defined contribution) and primary constituencies (K-12 educators vs. university faculty). Therefore, calculations relating to employer contributions to TRS and ORP should either be uncoupled entirely or reformulated to require equal employer contribution in both programs (adhering to the precept of equal pay for equal work).
2. Implement the earlier recommendation from the UGA University Council that an ORP committee or advisory group separate from that of TRS be established at the Board of Regents.
3. Grant a one-time open enrollment for all USG faculty presently in the ORP or TRS at any point in their career (e.g., significant professional milestones such as tenure and promotion).

Therefore, the University Council requests that the Human Resources division at UGA take two actions:

1. Give all incoming faculty clear, concise information regarding the difference between the two programs.
2. Inform all faculty presently enrolled in the ORP of their expected dollar loss in retirement benefits for the academic year and provide them with the necessary information to increase individual contributions to 403(b) and 457 (b) plans offered through UGA, if so desired.

In addition, we urge all faculty, as private citizens, to contact and inform their state legislators about this matter and urge them to take the requested actions, as soon as possible.