PANEL

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Growing Compensation Pressures

- **CONTAINING END-OF-CAREER COMPENSATION** (delayed retirements)
  - percentage-based salary increases
  - percentage-based benefits

- **COPING WITH HEALTH CARE INCREASES** (active benefits budgets)
  - high utilization of aging workforces
  - 1.5 to 2 times higher actuarially for 55-65 age cohorts
  - up to 3 times higher actuarially for post-65 Medicare-eligible

- **MAKING RETIREMENT INCENTIVES COST-EFFECTIVE** (total compensation pool)
  - balancing replacement costs for new hire with retirement package
  - factoring in promised benefits of the retirement incentive package

- **RECOGNIZING GAS 45 / FAS 106 OBLIGATIONS FOR RETIREE BENEFITS** (balance sheet)
  - annual expense in the operating budget
  - uncontrolled liability on the balance sheet
Competing Priorities

- Increase Retention and Credential Completion
- Eliminate Achievement Gaps
- Cut Costs/Keep Tuition & Fees Low
- Meet Strategic State Needs
- Assessment
- Reshape/Expand Academic Programs
- Renew, Recruit, & Retain Top Faculty and Staff (in a Union Environment)
- Maintain Sustainable Facilities
Budget Busters

- Significant Reductions in Public Funding
- Tuition Caps
- Salary and Benefits of Current Workforce
- Retirement Obligations (Present and Future, Self- and Other-Imposed)
- Facility and Infrastructure Management
Breaking the Paradigms

- Legacy Defined Benefit Programs (Retirement Plans and Retiree Health Benefits)
- Unsustainable GASB 45 liabilities
- Conversion from Defined Benefit to Defined Contribution Approach (subject to possible legislative action and/or collective bargaining)
- All or nothing is not necessary
Driving Change

- Strategic Use of Retirement Incentives
- Strategic Use of Retiree Health Benefits
- Conversion from DB to DC on Retirement and Health Care Benefits
- Reduction and Ultimate Elimination of Unfunded Liabilities and Associated Risks (Demographic, Longevity, Medical Trend)
- Sustainable Intergenerational Equity
DISCUSSION

☐ How do you balance the need for more faculty with the mandate to reduce the operating budget?

☐ What innovative solutions are you supporting right now?

☐ What changes would you like to see and what results are you expecting?

☐ What obstacles are in your way?