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Participants in the ORP were recently told that the University's (USG) contribution to the ORP would decline from 9.66% to 8.13%.

Submitted by: Jim Braselton

8/31/2006

Question:

Participants in the ORP were recently told that the University's (USG) contribution to the ORP would decline from 9.66% to 8.13%. At the end of the previous academic year, we were told that there would be a 0.005% increase in the System's contribution. As this money has already been included in various budgets, now that it is not going to be spent, where is it going to go?

Rationale:

TRS' decision to reduce the State's contributions to the ORP is not fair and certainly not the intention of the law. The TRS decision has effectively reduced the compensation of ORP participants by over 1.5%. As that money has already been included in the budget, I think we'd all like to know where it will be redirected to. This affects all faculty who participate in the ORP. As the ORP was first started in 1990, it almost certainly affects a majority of the faculty on campus now. This would include faculty and administrators who hold faculty rank, too.

Response:

This RFI was hidden while researching the question.

Contribution rates to both TRS and ORP are set actuarially by the TRS board (Georgia 47-3-48) each year. By law, (Georgia 47-21-4) the “normal contribution rate” must be the same to both plans. 47-3-48 continues by stating that “The Board of Regents of the University System of Georgia in its estimates of the funds necessary for the operation of its respective units, which estimates are submitted to the Governor and General Assembly, shall include a request for an appropriation payable to the board of trustees in an amount equal to the portion of the normal and accrued liability contributions payable from funds of the Board of Regents of the University System of Georgia or from other state funds and for an additional amount as expense for the operation of the retirement system.”

Thus monies contributed as the “employer portion” move straight from state coffers to the TRS board. According to Joe Franklin, VP for Business and Finance, these are actually allocated as needed, thus any budget savings will most likely stay at the state level. NO “employer contributions” EVER reach the individual campuses – our budget has not changed one iota. 9/20/06

Correction: Joe Franklin informed me late yesterday that I misunderstood. Here is his correction: "The monies for the employer contributions do come to Georgia Southern and we write a check to make the contribution. The employer contributions are in our budget. To date, our budget has not changed as we have not been instructed by the BOR how we should handle this reduction." This applies to both TRS and ORP contributions. Apparently, things aren't operated in accordance with 47-3-48.