

Appendix G – Constituent Correspondence

SBCTC Written Comments

UW Written Comments



MEMORANDUM

DATE: November 30, 2011

TO: Darren Painter, Senior Policy Analyst
Office of the State Actuary

FROM: John Boesenberg, Deputy Executive Director
Human Resources

SUBJECT: Higher Education Retirement Plan Study

A handwritten signature in black ink, appearing to read 'John Boesenberg', written over a white background.

Thank you for the opportunity to provide written comments for inclusion in the SSCP study of the Higher Education Retirement Plans (HERP).

The prevalence of defined contribution retirement plans in higher education make it crucial that Washington State institutions continue to offer such plans to be competitive for talented faculty, professional staff and executives. This reason was cited in 1969 when Legislature authorized the State Board for Community and Technical Colleges to sponsor a retirement plan. Since that time, we have operated our plan in best interest of the state, the colleges and participants – each sharing an interest in making sure there are great teachers in the classroom, well qualified professionals supporting teaching and learning and experienced leaders managing resources to best serve students and communities. A defined contribution plan helps achieve these goals and is a good match for our employees and institutions.

At this time, the State Board's HERP has approximately 9,400 active participants: 7,700 are faculty; 1,700 are employees exempt from civil service. For employers, a defined contribution plan provides cost stability, limited risk and the tools for recruitment and retention. For employees, it provides portability, ownership and a contribution schedule that increases over time. Our plan has helped the system recruit and retain high quality employees that, in turn, have made Washington's community and technical college system one of the finest in the country.

We strongly support the Select Committee's decision to *not* recommend changing HERP eligibility criteria to exclude some segment of exempt employees. It was clear from testimony provided during SSCP's November 15, 2011 meeting that defined contribution plans are preferred and assist in the recruitment and retention of exempt employees. Testimony from HERP participants confirmed that the retirement plan on offer was an important consideration in deciding to work at a Washington State

college or university. This antidotal information is borne out by the choices new employees are making – with 90% to 95% of employees hired since July 1, 2011 choosing to participate in a HERP rather than becoming PERS or TRS members.

Relying on the legislatively defined exemption criteria provides a bright line to accurately and consistently identify HERP eligible positions – either a position meets the exempt standard in law or it doesn't. Exempt employees provide crucial academic, professional and managerial services to ensure institutions meet mission. They share working conditions, often promote out of the faculty, are employed at will and have opportunities at other institutions across the country. They should have access to the same retirement plan and treated consistently with faculty and their colleagues on campus. For these reasons, we support retention of the current eligibility criteria as adopted by the 2011 Legislature.

Again, thanks for this opportunity to comment.



UNIVERSITY of WASHINGTON

HUMAN RESOURCES

Benefits

December 21, 2011

To: Darren Painter, Senior Policy Analyst
Office of the State Actuary

From: Kathleen S. Dwyer, Executive Director of Benefits
Human Resources

Subject: 2011 Higher Education Retirement Plan Study

Thank you for the opportunity to provide written comments for inclusion in the Select Committee on Public Policy (SCPP) study of the Higher Education Retirement Plans (HERP).

The University of Washington Retirement Plan (UWRP) was authorized by the Washington State Legislature in 1938 and approved by the UW Regents in 1939. Although much has changed since its inception, its long-standing purpose is as vital and relevant today as when it began: to provide a flexible, fully-portable retirement vehicle appropriate to a career in higher education. The fact that this type of retirement plan continues to prevail in higher education and is broadly used by our peers for faculty and professional staff is evidence that it is valued by both the participants and the institutions as a key part of our total compensation package.

As UW's reputation has grown, so has our ability to attract grants and contracts, and as a result grow the ranks of our faculty, librarians, and professional staff. The UW brings jobs to Washington State by earning more research dollars than any other public higher education institution in the nation. The University continues to bring in research dollars despite the reduced state funding and the overall economy and we believe the flexibility and portability of the HERP helps us do that.

UW currently has approximately 12,000 participants; 6,300 of whom are faculty and librarians; 5,700 are professional staff. The complexity of the work and demand for a highly specialized workforce has only increased, as has our need to compete nationally and internationally with a total compensation package designed to attract the best people. UWRP participants value a defined contribution plan with increasing contribution rates and portability that can take them through their entire career.

We strongly support the Select Committee's decision to *not* recommend changing HERP eligibility criteria to exclude some segment of professional staff employees. Testimony provided during SCPP's November 15, 2011 meeting provided a broad range of examples from UW and each of the state institutions' and from HERP participants that illustrated the key role the HERPs play in recruiting and retaining excellent employees. In addition, our records show that greater than 95% of the UW employees hired since July 1, 2011 who have the option to select HERP, PERS, or TRS, have elected the HERP.

During the 2011 session, the UW and the other higher education institutions supported the prospective termination of the HERP Supplemental Benefit. We also supported the 6% cap on state contributions to the HERPs. With these changes in place the legislature has avoided future liability for new participants after July 1, 2011 and established its intent that the HERPs be true defined contribution retirement plans, with the participants bearing the risk and the rewards of their investment decisions.

The legislatively-defined exemption criteria provide a bright line that is consistently and accurately applied across all of the institutions. Either a position meets the exempt standard in law or it doesn't. Professional staff employees at UW play a crucial role in achieving the UW mission, and are critical to our success. They work in highly specialized areas of administration, healthcare, and research, and are often named in grants and contracts as key staff required in the fulfillment of research grants. They have opportunities at other institutions across the country. They should have access to the same retirement plan and be treated consistently with faculty and their colleagues on campus. We support retention of the current eligibility criteria as adopted by the 2011 Legislature.

Thank you for the opportunity to provide comments to this report.