

University of Illinois
Urbana-Champaign Senate
Final; Information

SUR.10.02 Report on the SURSMAC* Meeting, January 28, 2010

SURSMAC held a special meeting on January 28, 2010 the SURS headquarters in Champaign from 10:00 a.m. to noon. Chair Jake Baggott, SIUC, welcomed those present in person and by conference call and thanked Judy Parker, Interim Director of SURS, and her staff for being able to join us.

The focus of the meeting was a discussion of issues arising from the furlough policy established at the University of Illinois. Background information included the news feature "Furlough Information" posted on the SURS web site on January 8, 2010 (see <http://www.surs.com/shepherd.surs?flk=News&shp=78&aid=113>). Discussion of a second topic, the legislative platform describing the positions taken by the SURS Board of Trustees on a number of topics was postponed until our next meeting.

Chair Baggott and Director Parker began the discussion by noting that though the University of Illinois was the only system with a furlough policy in place, this was being discussed at a number of other campuses in the state. It was recognized that any policies in place or changes adopted in these policies at the University of Illinois would provide guidelines for the other campuses in handling this issue.

The discussion centered on the impact of a furlough or voluntary pay reduction on the recipient's SURS benefits. An example of the impact of four furlough days was presented for illustrative purposes on the SURS web site noted above. It was noted that the actual impact for any one individual will depend on a number of factors such as (a) whether the furlough is reported as a formal leave of absence and the member makes up the forfeited contributions (only possible if it is reported as a formal leave of absence); (b) the formula the member retires under; and (c) how close the member is to retirement.

Director Parker and other SURS staff indicated that there had been some discussion with representatives of the UIUC campus about the possibility of having the furloughs reported as a leave of absence. If this were implemented, it might be possible for employees to request that this occur retroactively. This could depend on whether the furlough had already been reported to SURS. There could be a number of administrative problems in setting up procedures for reporting leaves of absence.

There was also discussion of whether or not employees could establish a deduction or withholding from their paycheck similar, say, to the deduction for parking or campus recreation. This would mean that there was no reduction in the salary level used for benefits purposes. During the discussion, Kelly Jenkins, SURS General Counsel, noted a number concerns that he had. He indicated that he would check to see if this might be feasible under the Salary and Withholding Act. He also expressed a more general concern about a policy that defines furloughs as a leave of absence. One reason is that such policy introduced would have a negative impact on the system due to the problem of adverse selection.

There was also a discussion of how furloughs might be handled within the State Universities Civil Service System. Tom Morelock, Executive Director of that System, presented a copy of the proposed amendment

to the policies for the System. This provides a definition of furloughs. He feels they are likely to pass. If so, campuses can then implement furlough policies following these guidelines.

The meeting concluded with the passage of a resolution presented by Chair Baggott concerning furloughs. It was resolved that

- (1) Campuses are urged to take all steps possible to avoid having to implement furlough policies.
- (2) SURS and the University of Illinois are asked to look at any reasonable method for protecting employee retirement benefits when furloughs are implemented including such administrative processes and allowing leaves of absences to be taken or changing the payroll process to achieve these results (e.g., by implementing deductions).**
- (3) Rules changes be implemented to address these problems should they occur again.
- (4) The SURS Board of Trustees promote legislative actions that would address these problems.

The date for the next meeting will be April 6, 2010.

Ken Andersen
H. F. (Bill) Williamson
UIUC Senate Representatives

* SURSMAC is the State Universities Retirement System Members Advisory Committee to the SURS Board of Trustees. Its members are faculty and staff representing the various institutions and agencies affected by SURS such as public universities and colleges, state surveys, and retiree organizations. It meets twice a year in October and April at the SURS headquarters, 1901 Fox Drive, Champaign.

** This goal was in fact achieved as a result of a meeting later on January 28, 2010 between representatives from the University of Illinois, led by President Ikenberry, and the State Universities Retirement System (SURS). They agreed to a manageable method of reporting furlough days as formal leaves of absence at SURS for those employees required to take furloughs. As a result, in accordance with SURS statutes, employees who take furlough days will now be able to individually purchase the employee portion of SURS contributions forfeited while on furlough. Making up the employee contribution to SURS allows an employee to receive service and earnings credit for furlough days.