

Minutes
Senate Budget Policies Committee
Friday, December 8, 2–4 p.m.
CL 817

Members in attendance: Tyler Bickford (secretary), Laura Fenimore, Mackey Friedman, Emily Murphy, Wesley Rohrer (chair), Adriana Maguina-Ugarte (SAC), Phil Wion, David DeJong, Richard Henderson, Art Ramicone, Frank Wilson (Senate President), Amanda Brodish, Thurman Wingrove, Ellie Graves (UTimes)

Absent: Elia Beniash, Anthony Bledsoe, Panos Chrysanthis, David Rowe, Maddie Guido (SGB), Shreyas Vamburkar (GPSG), John Baker, Stephen Carr, Sean Hughes, Richard Pratt

Meeting called to order by Chair Rohrer at 2:03

Review of November 17 meeting: Feick presentation regarding Titusville, PBS survey subcommittee created

1. Minutes from November 17, 2017 meeting approved
2. Agenda revised: Ramicone will present at end of meeting
3. Matters arising
 - updated calendar for spring 2018 (PBS survey results moved from February to March)
 - DeJong: We will provide new comparative benchmarking data on graduate students as part of today's report. Data from AAU Data Exchange. They are super tight about how much we can report publicly. Data comes from surveys of peer institutions, concerned to protect anonymity. We will have to move into closed session for this discussion.
4. Peer-group faculty salaries/AAU benchmarks—Robert Goga, Institutional Research (full report available in BPC Box folder and from [University Times](#))
 - Average Salaries of Faculty (excludes librarians): A Peer Group Analysis, 2016–17
 - Three parts
 - Pitt compared to AAU publics
 - Pitt compared to all AAU
 - Regional campuses compared to benchmarking group
 - Data comes from Fall 2016 AAUP Annual Report on Economic Status of the Profession
 - Not all FT faculty at Oakland campus. Only instructional FT faculty, less School of Medicine.
 - We run rosters of faculty past Dean's offices of schools and ask them to identify faculty members as “instructional”, “research”, or “public service”
 - Exclude all research-only and public-service-only (217)
 - 1762 total FT instructional faculty at Oakland campus
 - Adjust everyone to 9-month equivalent
 - Tables 1–5
 - Professors ranked 18 of 34 public AAU institutions

- Associate Professors ranked 19/34
 - Assistant Professors ranked 29/34
 - Instructors 19/21 (several schools do not report)
 - Lecturers 28/29
- AAUP wants us to pull all visiting faculty out of their rank and put them in the Instructor category. We do not do that, neither do many other schools
 - Of 470 Full Prof, 8 were visiting
 - Out of 419 Assoc Prof, 5 visiting
 - Of 574 Asst, 47 visiting
- DeJong: if other universities are putting Full Profs in Instructor rank, it makes us look low. As an academic initiative we have been taking pots of money and pushing them into Instructor and Lecturer rank because we know that we are falling short. But we won't see our progress if the data includes other ranks.
- Bickford: Only affects Instructor rank?
- DeJong: it affects other ranks because we would pull Visiting Profs out of those pools. Our low Assistant Prof may be pulled down because we include likely lower-paid Visiting Assistant Profs in that pool.
- Bickford: Do we include non-tenure-stream Full, Assoc, Assistant Professors in those pools?
 - Goga: Yes
 - Brodish: excepting that we pull out research and public-service faculty
- Trends: 5-year decline in Full, Assoc, and Asst ranks. Five years ago we may have included basic science departments from SOM
- Discussion:
 - Bickford: Provost's office has had policy for several years of adding pools of money to increase Lecturer and Instructor salaries because we are consistently ranked 27 or 28 compared to benchmarks. But it has not changed over several years. What will it take to move the needle on rank for Lecturers?
 - DeJong: it is hard to say. We designate funds for Instructors and Lecturers, and also to convert visiting Instructors and Lecturers into regular full-time. That may be holding the overall pool back by increasing the number of newer employees in the pool. We are also working to convert regular part-time instructors into full-time positions
 - Rohrer: say more about converting PT to FT?
 - DeJong: When we have PT faculty who teach with us consistently, we want to make them full members of the university.
 - Bickford: how many part-time positions have been converted to FT?
 - DeJong: I don't know exact number but it is more than 50 over the last several years.
 - Goga: AAUP changed reporting instructions a few years ago. Previously only included faculty who were 50% instructional. Now it includes faculty with any instructional component.
- Regional campuses
 - Johnstown, Greensburg, Bradford compared to BA institutions in surrounding states (DE, MD, NJ, NY, OH, PA, WV, VA), using IPEDs data from 2015. This is the new benchmarking group developed in 2016.

- Full Prof is 6 decile (1 is highest salaries, 10 is lowest)
- Assoc Prof is 5th decile
- Asst is 6th decile
- Lecturer and Instructor combined 7th decile
- Discussion
 - DeJong: I wonder if we might move to IPEDS at some point, because they do not change their reporting requirements regularly.
 - Bickford: Are the categories defined the same as for AAUP data? (Instructional faculty, minus medical, etc)
 - Yes
 - Wilson: problem with IPEDS is that the lag in the data is much longer

5. Closure of non-contributory defined benefit pension plan—Art Ramicone, CFO

- We have a defined contribution plan that most people are in. The allure of DC plans from where I sit is that we write a check every month, and on income, statement, and balance sheets there is no liability. We don't owe anyone anything, we don't care about discount rates. Nobody can take it away from you, it's your money. DB plans are different. If you're under ERISA (Pitt pension is not), you're backstopped by the PBGC (Pension Benefit Guarantee Corp), which ran into issues because so many pension plans were defaulting. PBGC kept upping how much you had to pay per head. Up to \$70/person/year (from \$2 when I used to audit pension). If pension goes to PBGC your benefits can be cut. We have Teamsters whose pension plan will be bankrupt in a few years. It will go to PBGC. PBGC saw this coming, walled off assets from multi-employer plans. DB plans have been in trouble in PA. Teamsters plan has 48% of assets they need, take in \$20M, pay out \$60, because their employment has flipped (more retirees than current employees). Under the new 2015 law, if you're over 80, you keep benefits, if you are younger your benefits can be cut up to 60% immediately. I am biased against DB plans. Since I came here I have tried to figure out ways to fund these plans. Biggest plan we have is post-retirement medical. Because we are higher ed we are not required to fund it. PSU just pays out of pocket, no prefunding. We have been trying to prefund our plan, setting aside assets. DB plan has assets, which are not satisfactory. We do an actuarial report every year, which gets incorporated into our financial statement. We went from 60% to 80% funded, but if the market takes a dip you lose 20% and all of a sudden you are chasing your tail again.
- Rohrer: what percentage of employees in this plan?
- Ramicone: 1600 employees out of 12000 total. We froze entry Nov 3 of 2015. 1704 people no longer employed at Pitt but are vested in DB plan. Only 177 current retirees (plan created in 1989).
- For every year that you work you get 2.1% of your salary, up to 45 years (which is generous. other plans cap you at ~35 years). What is not generous is that most plans do average of last 3 or 5 years' salaries (rather than a percentage of each year), but you can play games with that, which is what the PASSHE system has done. (In your last three years we'll make you the chair of the department, give you an extra course, etc, to maximize income for pension calculations.) Can earn up to maximum of \$215k/year. If you are currently in plan you can still accumulate service. If a 22yo entered right before close, we will continue to administer that for 60 years. Too expensive. Last year we

contributed \$10M, year before \$15M. Fund had a good year last year but could go down 20% in a bad year, and then you start over again.

- Bickford: Don't these concerns about fully funding the pension obligations and losses in bad years apply in the same way to the pool of defined-contribution plans?
- Ramicone: Yes, but defined benefit plan has more requirements to hold low-risk fixed-income assets to pay for current retirees. An individual can pursue a higher-growth strategy.
- Bickford: Across the entire pool of defined-contribution participants, the composition is similar: people at or near retirement move into low-risk or fixed-income assets, people earlier in their careers are in higher-risk higher-growth funds.
- Ramicone: Yes. Difference is that defined-contribution plans do not guarantee level of payout at retirement.
- Bickford: Examples of failed plans are due to mismanagement. You have convinced us that Pitt's finances are responsibly managed. Whether or not you prefund the pension, the defined-benefit retiree payments are backed by the overall revenues of the university—tuition, Commonwealth appropriation, etc—not just prefunded assets. Is that correct?
- Ramicone: Yes.
- Rohrer: Closing the defined-benefit plan is in keeping with practices across higher ed?
- Ramicone: Yes.
- Mackey: Are there implications for defined-contribution plans with the federal tax bill? Currently contributions are pre-tax, will that change?
- Ramicone: I am not aware of anything like that in the bill.

6. Cost of Living Adjustment report—Amanda Brodish, Office of the Provost (report available in BPC Box folder and from [University Times](#))

- We are focused on what happens when we adjust the salaries from the Peer Benchmarking Report according to cost-of-living
- Methodology
 - ACCRA COL Index. Composite index combined of things like grocery, housing, utilities, etc. When AAU institution is not included in ACCRA Index, we look at the next closest city
- Pittsburgh is in the middle of the COL distribution across AAU Public locations
- Adjusted salary rankings:
 - Full prof, adjusted improves to 13/34 from 18
 - Assoc adjusted improves to 14/34 from 19
 - Asst adjusted improves to 21/34 from 29
 - Lecturer/Instructor (weighted averaged) improves to 27/32 from 31/32
- Regional
 - Use Sperling's Best Places (ACCRA does not include data)
 - Normalize Bradford to 100
 - Johnstown at bottom of COL distribution
 - UPB in bottom quarter of COL distribution
 - UPG in middle of COL distribution
 - Adjusted salaries
 - Prof improves to 38/108 from 61
 - Assoc improves to 27/108 from 52

- Asst improves to 29/108 from 61
 - L&I improves to 29/108 from 55
- Discussion
 - Wilson: I appreciate this COL report. Not thrilled but okay with grouping campuses together. Difference between COL at regional campuses are significant. Bradford and Johnstown are very low COL, but in Sperling data source Greensburg is same COL as Pittsburgh
 - Friedman: is COL-adjusted the target?
 - DeJong: the goal is always on the nominal numbers, at or above median among AAU publics

7. Graduate student stipend benchmarking data (new report)—Amanda Brodish, Office of the Provost

- Source is AAU Data Exchange (AAUDE). To encourage sharing data, they have strict data sharing guidelines, limitation on providing hard copies of data. We will have to move to closed session after first slide.
 - Data from fall 2016
 - Peers are 21 (out of 34) AAU public institutions who shared fall 2016 data. Number of institutions that share data varies year-to-year. (No public details on specific institutions whose data is included or excluded.)
 - Key metrics:
 - Salary: 2-term equivalent stipend
 - Compensation: Salary net of tuition, fees, and health insurance premium paid by student. At Pitt students pay \$60 for tuition, fees, insurance. This varies significantly across institution (some have much higher fees).
 - Groupings
 - Research Assistants = Pitt “Graduate Student Researcher”
 - Teaching Assistants = Pitt “Teaching Assistant and Teaching Fellow”
 - Other Assistants = Pitt “Graduate Student Assistant”
- When comparing Pitt average compensation to AAU public mean and median, Pitt grads are paid 5-6% more across all GSRs, TAs, TFs, and GSAs. GSRs have small premium (2-3%), TAs have larger premium (10-11%).
- (DeJong leaves meeting)
- Move to closed session to discuss data comparing individual institutions, following requirements of AAUDE data sharing guidelines.
- Return to open session

Further discussion of salary benchmarks

- Mackey: even with the COL adjustments, Lecturers, Instructors, and Assistant Professors are still well under the median of AAU Public salaries. This is an important issue that we need to address.
- Bickford: 58% of lecturers and instructors are women; 26% of full professors are men, so this is also a concern for gender equity
- Wilson: when we look at the all-ranks average of salary benchmarks, we are always at the very bottom, because we have a low proportion of full professors and a high proportion

of instructors and lecturers. I would like to see the all-ranks average when we do this report.

- Brodish: it addresses a different question than salary benchmarking, in which we want to compare apples to apples.
- Wion: Pitt may not promote at same rate as other schools
- Wilson: if you take a number of Assistant Professors in tenure-stream, I would like to see how many got tenure. My guess is that we have fewer people who earn tenure. (People may leave prior to evaluation.)
- Wion: Tenure and Academic Freedom committee used to do such a report

Rohrer: reminder that next meeting is Friday, January 19, 2–4 p.m., CL 817. DeJong will present University-wide enrollment plan, and Cheryl Johnson will present on new Total Rewards benefits study.

Adjourned at 3:51pm