

## Staff Senate Summary Sheet

### Virginia Tech Budget Cuts:

*What we know* - For 2009-10, we have been assigned reduction targets of \$21.9 million for the University Division and \$4.5 million for the VCE/VAES Division, resulting in a total cut of more than \$26 million. These reductions will be partially offset by the appropriation of additional federal stimulus funds into our budgets on a one-time basis in the current year. As a result, the net reductions for 2009-10 will be \$11.7 million for the University Division and \$2.4 million for VCE/VAES. This reduces the current fiscal year reduction from 15% to 8%. Unless additional federal stimulus funds are appropriated by the State for 2010-11 however, the University will feel the full effect of the base budget reductions in the next fiscal year.

*What we don't know* – Virginia Tech leaders are still considering options to deal with these cuts. We don't yet know what Virginia Tech may propose for a tuition increase and how that will reduce the cut. We don't know what strategies will be used to reduce the possibility of layoffs. Nor do we know what type of cuts we will experience next year.

### One Day Furlough:

*What we know* – Governor has proposed an unpaid leave day on May 28, 2010. Annual leave cannot be used because that is paid leave and the state and university would not save any money. The savings only impact salaries – Virginia will continue to pay benefits so no one will realize a reduction in retirement.

*What we don't know* – We have learned that there can be flexibility for universities as to when the unpaid leave day is taken. Virginia Tech has not made a decision as yet as to when that might be, or whether we will take the May 28 day. State universities and agencies are waiting for direction from DHRM and the Attorney General for implementation guidelines.

### Reduce Contributions for State Employee Retirement from April through June, 2010:

*What we know* – Reduce contributions for all state employee retirement programs from the current total rates paid to 5% effective from April, 2010 through June, 2010. This does \*\*\*not\*\*\* mean that state employees will have to contribute money towards their own retirement from April to June – it is just a way for the state to save money for the last quarter of the year.

## Will Employees Be Asked to Fund a Share of their Retirement Contribution in the Future?

*What we know* – Governor Kaine said Virginia and Missouri are the only two states with triple-A bond ratings that fully fund both the employer and employee contribution to its state workers' pension fund. The Joint Legislative Audit and Review Commission (JLARC) found only 5 states out of 50 did not require employees to contribute to their pension plan. The Governor suggested that shifting some of the pension obligation to employees could become part of a future plan to address the long-term funding of the Virginia Retirement System.

The state of Virginia, as our employer, contributes 6.26% of each state worker's annual salary into the VRS. The state of Virginia also pays the 5% employee share of a state worker's annual salary into the VRS and has done this since 1983 when the General Assembly agreed to make this contribution instead of a raise.

JLARC recommended phasing in a 2 percent pretax salary retirement contribution from employees to close the anticipated shortfall in the system. VRS now estimates, due to VRS losses, that the system will need to increase contributions 4 percent to 6 percent on top of the 11.26% (6.26% + 5%) currently contributed.

Both candidates for Virginia governor pledged on Tuesday, September 15, 2009 that they would not reduce the state's current level of contribution to the retirement benefits of state employees. Both candidates left the possibility open to require employee contributions from new employees.

*What we don't know* – We really don't know much at all beyond the information included above. We don't know if this will happen or when it will happen if it happens. If it happens, we don't know the percentage employees will be asked to pay and whether there will be any phasing of contributions over time since this will in effect be a pay cut for our employees. We don't know where the money will come from for VRS if the gubernatorial candidates keep their commitment, or whether a partial solution will work involving new state employees.

## Virginia Tech Opened in 1872

*What we know* – Virginia Tech is here to stay. Our employees take great pride in their work and in our institution. We can keep the lines of communication open and get through this together.