

State universities - Morehead to cut jobs as financial reckoning begins



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Morehead State University is the first of Kentucky's regional universities to cut its workforce in the face of impending state budget cuts and exploding pension costs, announcing voluntary buyouts that would let employees go part-time or leave the university.

"This spring will ultimately result in a need to make a significant reduction in our employee FTE across all areas of the campus," President Jay Morgan wrote in a campus-wide email dated Friday. "Our preference is to make those position reductions in vacant personnel lines created through normal employee attrition and 'voluntary separation options' before having to consider potential involuntary reductions in force of current employees."

In Gov. Matt Bevin's proposed state budget budget, Morehead faces a 6.25 percent cut, or \$2.5 million, in overall state funding on top of a \$2.7 million increase in pension payments. With fixed cost increases, the actual deficit could be as much as \$9 million in each of the next two years. The school also faces dropping enrollment because it draws heavily from Eastern Kentucky, where the economy has been decimated by the coal industry's decline.

Any proposed buyouts would be considered by administrators on a case-by-case basis, Morgan said. Morgan said he hoped most volunteers would choose to go from full-time to part-time positions, or reduce the number of months they work. Faculty and staff who choose buyouts would also retain certain options, such as tuition benefits for family for three years.

The final number of job reductions will depend on the final state budget approved by the General Assembly in April.

On Tuesday, Morgan said his goal is for 20 to 25 employees to go from full-time to part-time status.

"We are trying to keep involuntary separations to an absolute minimum, and will use them after all other means have been taken into account," Morgan said. "The bottom line, we are looking for 'Win-Win' in our voluntary employee changes."

Morgan also announced two other changes: the school will no longer buy six months of unused sick leave when an employee retires in order to give them more credit in the pension system. In addition, next year,

the school will no longer cover dental benefits; instead this will become an optional benefit paid for by employees.

"This is a substantive cost savings measure and will make MSU consistent with most other four-year universities in Kentucky," Morgan said.

Faculty senate representatives did not immediately return calls for comment.

Unlike the University of Kentucky and University of Louisville, employees of regional universities belong to the state's financially-ailing pension systems. Combined, Kentucky's six regional universities and the Kentucky Community and Technical College System might have to pay 70 percent more next year to fund the pensions of their workers.

Lawmakers might still make changes to Bevin's proposed budget and possibly approve changes to the pension systems, but few university presidents feel their situation will improve dramatically.

Eastern Kentucky University, which previously announced it would not raise tuition next year, has implemented a hiring freeze and convened a budget advisory committee that is holding campus-wide meetings to look for cost savings.

Western Kentucky University President Tim Caboni has estimated a \$40 million budgetary hole. While there is not a hiring freeze, officials have said every open position must go through a review process to determine if it's essential to the school's core mission.

Northern Kentucky University has the largest number of employees in the state pension system, about 800, so its pension costs will go up \$13 million in July. Combined with state cuts, the school faces a total cut of \$17 million, a 33 percent reduction overall. Interim President Gerry St. Amand recently asked the campus to consider a variety of options, such as curtailed travel, leaving empty positions open and asking employees to consider volunteering for a reduced work schedule.

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Caption:

John Flavell The Herald-Leader

Jay Morgan, president of **Morehead State University**, announced a voluntary buyout for faculty and staff.