

Higher Ed's exorbitant pay to retired presidents

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By Bob Martin, Publisher

Recent reports indicate that our state universities are providing what most Alabamians would probably call exorbitant pay to retiring presidents.

The University of Alabama System has paid former UAB President Carol Garrison over \$1 million since she resigned over a year ago for serving on various boards, committees and foundations, and participating in university projects and presentations.

The payments to Garrison after she resigned have not been the only big dollars the system has doled out to retirees. Former UA System Chancellor Malcolm Portera retired in April of 2012 but continued to draw his salary as well as bonus payments paid annually to senior level leaders in the system. Portera was paid about \$1.5 million from April of 2012 to the end of 2013.

Al.com reports that the payments to the two former senior UA system administrators came while tuition for students at the system's three universities continued to increase. That has also happened at Auburn University where President Jay Gogue has pulled down bonuses as student tuition has gone up.

While tuition continues to increase at UA and AU in attempts to deal with ever increasing

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operating costs, budget cuts to some programs at the schools have also been a reality. And more may be coming. Just last week UAB officials said UAB Medicine, which includes the state's largest hospital, is conducting a sweeping review of operations to find ways to cut expenses.

UAB officials told al.com there are no "immediate plans" for workforce reductions. Chief operating officer Reid Jones said there are 400 open positions being reviewed, and it is unlikely all will be filled.

I suspect that if inspected the same scenario could be found throughout the state's system of higher education.

Bronner debunks Troy report

In his most recent newsletter Dr. David Bronner, CEO of the State Retirement Systems, takes to task a TroyUniversity report that, according to Bronner, suggests "the world is ending and the state's pension system will run out of money in ten years." Bronner says most of these type studies and reports being released across America are funded by billionaires like the Koch Brothers and the Arnold Foundation, a former Enron energy trader who provide funding to institutions such as the Pew Foundation, GeorgeMasonUniversity and Troy. "It is pure nonsense," he suggests.

"In the 1970's the Retirement funds had only 25 percent funding with \$500 million in assets. Today, the RSA is over 66 percent funded with over \$30 billion in assets. It is a real stretch of the imagination to suggest we should replace the defined benefit programs when the funding level is more than two times better." Bronner said that before the market crashes of 2001 and 2009 the RSA was over 100 percent funded. He added that he believes 80 percent funding is perfectly fine for a public fund.

Then Bronner couldn't resist tossing in a dig at Troy professor Scott Beaulier, who wrote the report. "If Professor Beaulier wants to take away the current defined benefit plan and replace it with a 401k, I am willing to support a test program for TroyUniversity in the next session of the State Legislature to see how it works. If the faculty and staff have confidence in the professor, then we should allow the Troy family to have a 401k instead of the current plan but I would

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suggest to them it would be a very bad move."

State's employment breakdown

The Alabama Policy Institute (API) has released a study by Dr. John Hill that found Alabama's state and local governments employ "20.29 people for every 100 employed in the private sector—the tenth highest ratio in the country." Regionally, Alabama has a higher public employment ratio than Florida, Georgia, Mississippi, and Tennessee.

As the economy has slowly recovered, the private sector has regained some of the wage and salary edge over the public sector. The API study found that state and local government wages were, on average, 7.4% lower than those of the private sector. The average value of state and local government benefits [in Alabama] was placed at \$15,841, as compared to \$8,157 for the private sector." That amounts to a 94% benefit advantage for state and local employees over the private workforce.

When considering total compensation, Alabama's state and local employee compensation is 11.8% higher than the private sector. In fact, "state and local government employee compensation has been higher than that of the private sector since 1989."

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