DOCUMENT RESUME

ED 269 998 HE 019 174

AUTHOR Clevenger, Bonnie Mason; Chronister, Jay L.
TITLE Early Retirement Programs for Faculty: Three Institutional Case Studies. Occasional Paper Series #12.
INSTITUTION Virginia Univ., Charlottesville. Center for the Study of Higher Education.
PUB DATE Mar 86
NOTE 59p.
AVAILABLE FROM University of Virginia, Center for the Study of Higher Education, 405 Emmet Street, Charlottesville, VA 22903 ($4.00).
PUB TYPE Reports - Descriptive (141) -- Tests/Evaluation Instruments (160)

EDRS PRICE MF01/PC03 Plus Postage.
DESCRIPTORS Case Studies; *College Faculty; *Early Retirement; Employment Practices; Higher Education; Incentives; Part Time Faculty; Personnel Policy; Program Descriptions; Public Colleges; Questionnaires; *Reduction in Force; *Retirement Benefits; *State Universities; Teacher Participation; *Teacher Retirement
IDENTIFIERS *Faculty Reassignment

ABSTRACT

Experiences with faculty early retirement programs at three public universities are described. The universities range in size from 11,000 to 33,000 full-time equivalent students with 650 to more than 3,000 faculty members. Attention is directed to: goals of each of the institutions in establishing the program, characteristics of individual programs, the number of faculty who have taken the early retirement option, and perceived strengths and weaknesses of the program. Initiatives for the three retirement incentive plans differed: one came from a joint faculty and administrative committee, the second was created and developed by administrators, and the third was developed by faculty members. Goals of the program for two of the universities were to reallocate resources. One school encouraged early retirements in overstaffed departments so that faculty positions could be moved to understaffed departments. The other school sought to reallocate institutional resources by guaranteeing part-time reemployment to any faculty member electing early retirement. The goal of the third university was to provide for a renewal of the professoriate while reducing the total number of faculty at the institution. The questionnaire used to collect the information on the programs is appended. (SW)

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THREE INSTITUTIONAL CASE STUDIES

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urry Memorial School of Education University of Virginia

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PREFACE

There are encouraging signs that suggest that most colleges and universities have weathered successfully the rough seas of decline and retrenchment that threatened higher education during the opening years of the 1980s. Still, in charting a course through those uncertain waters, a number of institutions began to develop policies that have long-range inplications for the continuing vitality of college faculties and programs. One set of policy considerations that emerged pertains to the individual benefits and institutional gains that accrue from the practice of encouraging early retirements.

Bonnie Mason Clevenger, a doctoral candidate in higher education, and Jay L. Chronister, Professor of Education in the Center for the Study of Higher Education at the University of Virginia, present here the results of their study of the policies and procedures developed by three different institutions of higher education. We are pleased to present their analysis in this Occasional Papers series in the hope that other institutions might benefit from a knowledge of the problems and prospects of early retirement programs already in operation.

Jennings L. Wagoner
Professor and Chairman
Department of Educational Leadership
and Policy Studies

March, 1986

BACKGROUND

In recent years a growing body of literature has become available that describes the development of incentive early retirement programs for faculty as one means by which colleges and universities can deal with staffing problems in the face of financial constraints and enrollment problems. Although individual colleges and universities have become involved in assessing whether an early retirement program can be of assistance to them in dealing with specific staffing issues, models of successful programs are lacking in the current literature. Even though each college and university operates within a slightly different environment, the majority of institutions face similar challenges in the area of faculty staffing. These challenges can be attributed to the interaction of a number of factors including enrollment uncertainty, financial constraints, tenure ratios, changes in student program preferences, and the amendments to the Age Discrimination in Employment Act (ADEA) of 1978. As Mortimer, Bagshaw and Masland (1985, p. 5) have stated: "in the mid-1980s, the dominant feature of the institutional context is uncertainty in the face of scarce resources."

Early Retirement Program Considerations

Many institutions view voluntary incentive early retirement programs for faculty members as one way of dealing with this uncertainty by achieving greater institutional flexibility. Early retirement programs are mechanisms through which institutions encourage faculty to consider retirement prior to normal or mandatory retirement ages through the provision of financial incentives. These financial incentives are designed to overcome the loss of retirement annuity the individual would have received had they not retired until the normal or mandatory retirement age. (An extensive discussion of these financial incentives is provided by Patton, 1979 and Patton, 1983.)

Voluntary incentive early retirement programs are, to some extent, shaped by the characteristics of the retirement program(s) provided for faculty by the individual institution. Basic retirement programs can be categorized as either defined benefit or defined contribution programs.

Defined Benefit Programs

Under a defined benefit program the employee's retirement annuity is calculated by using a formula which includes a percentage factor, multiplied by the number of years of service to the institution, and an average of the employee's salary. This salary component normally uses the highest level of earnings from a specified number of years, which may or may not be consecutive years of employment, depending on the particular plan. Although most formulas do not explicitly utilize the employee's age at the time of retirement in their calculation of the retirement benefit, all plans implicitly use an employee's age in determining eligibility for retirement.

Most defined benefit plans have a predetermined number of years that the employee must be a part of the retirement system before he or she is vested in the system. A vested pension benefit is one that is not forfeited by the employee when employment terminates prior to retirement (TIAA/CREF, 1985,

p. 11). The number of years required before an employee is vested in the retirement system varies widely.

Institutions which have a defined benefit retirement program and are also considering the development of an early retirement system are faced with several tasks in developing their incentive benefit options. The first priority is to find a method to overcome the loss of earned income for the faculty member during the early retirement years. The second major task comes in developing a means by which the loss of years of service, which is utilized in the formula for determining the retirement annuity for the faculty member, does not preclude the faculty member's participation in an early retirement plan for economic reasons. This second task is probably more important than the first because it deals with the long-term economic security of the faculty member during their retirement years.

Defined Contribution Programs

The other major category of retirement program, the defined contribution plan, usually has the dual advantages of early vesting and of contributions that can be easily moved with the employee to another institution. Under the defined contribution approach, the benefit that the employee will receive upon retirement is not fixed. The amount of the accumulated retirement pool, from which benefits are paid, is determined by the amount of employee and employer contributions, plus accrued interest. The amount of the retirement pool and of the subsequent benefits are subject, therefore, to variations that occur because of the performance of the investment portfolio.

Projections can be made relative to the amount of the retirement benefit, but these are estimates based upon an assumed rate of interest earnings and may not reflect accurately the actual benefit that will be received at retirement. Woodruff (1985) commented that this uncertainty regarding the actual amount of the benefit is the major disadvantage of a defined contribution retirement system. When a college or university with a defined contribution retirement plan for faculty members undertakes the development of an early retirement option, the institution must recognize that a reduction in the number of years of employment will affect seriously the amount of the faculty member's eventual retirement annuity.

Institutions and faculty members share a concern that retirement benefits be substantial enough to enable faculty members to be free from serious financial concerns. Most defined benefit programs have a cost-of-living adjustment mechanism whereby benefits are increased to keep pace with changes in consumer prices. A cost-of-living adjustment is also frequently a part of early retirement plans in order to protect retirees from rising costs.

Cost - Benefit Considerations

The basic issues underlying the development of early retirement programs at colleges and universities revolve around what fundamentally are cost-benefit considerations. From an institutional perspective, the question involves an analysis of the costs of an early retirement incentive program necessary to achieve the desired benefit (goal) of having faculty retire prior to what would be the faculty member's normal or mandatory retirement age. These costs may be defined in purely economic terms, or they may be defined more broadly in terms of the loss of the services of faculty who take part in an early retirement program, some of whom the institution does not really want to lose by early retirement. The benefit side of the equation is composed of outcomes of the incentive early retirement program as reflected in the goals and objectives the institution develops when establishing the program. These benefits may be a desired reduction in staff size, a savings in finances, a reduction in tenure ratio, or the turnover among tenured faculty as a method of creating vacancies in order to free spaces for the hiring of new faculty (Chronister and Trainer, 1985).

Faculty members also are faced with cost-benefit decisions when they are involved in deciding whether or not to take advantage of the opportunity to participate in early retirement programs. For the faculty member the costs of participation may be foregone employment earnings, reduced retirement annuity, loss of contact with students and faculty colleagues, and loss of access to institutional services. Faculty members have cited the benefit side of the equation as including the freedom from teaching, the opportunity to travel, the opportunity to engage in another profession or a modification of the existing profession, and the advantages of retirement itself as perceived by the individual.

Early retirement programs in higher education must be voluntary and, therefore, must address faculty concerns if they are to be successful. The development of early retirement programs requires serious and systematic planning by a wide variety of institutional constituencies. Such planning requires knowledge of the faculty body for whom the program is being designed as well as an understanding of the type of investment the institution must make to achieve the desired results (see Patton, 1979; Mortimer, Bagshaw, and Masland, 1985; Chronister and Trainer, 1986).

INTRODUCTION TO THE CASE STUDIES

The growth of voluntary incentive early retirement programs for faculty members has been accompanied by an increasing amount of literature devoted to the subject of the need for, and descriptions of, the major features of these programs. A study conducted in the summer of 1984 by Chronister and Trainer (1985, p. 27) began to respond to the dearth of information regarding the actual experiences of institutions that have implemented early, partial, or phased retirement programs. The Chronister and Trainer study addressed the questions of whether the existing early, partial, or phased retirement programs were effective in achieving the institutional purposes for which they had been established as well as addressing the issue of the financial costs to the institution in implementing these programs.

The following case studies are an attempt to provide an examination of the experiences of three institutions that have implemented early retirement programs. These cases are developed to assist other institutions as they explore the feasibility of implementing an early retirement program and as they begin to define the program characteristics that will best meet the needs of the institution.

The three institutions have been selected because of the differences in the nature of their early retirement programs and because of their diverse institutional characteristics. All three are public institutions which range in date of founding from nearly 200 years ago to just over 20 years ago. The institutions vary in size from 11,000 to 33,000 full-time equivalent (FTE) students with 650 to over 3,000 faculty members. The tenure ratio ranges from 36.7% at one institution to 50% at another.

The cases specifically address a variety of issues. First, in order to gain a perspective on the incentive early retirement programs, the goals of each institution in establishing the early retirement program are addressed. The survey instrument that each institution responded to listed five major goals for incentive early retirement programs and asked each institution to rank these goals in order of importance to the individual institution. It is also particularly interesting to note whether the university considers the early retirement program to be a faculty or an institutional benefit program. Some institutions have included statements directly addressing this issue in the program descriptions.

A second major area that the cases address deals with the characteristics of the individual programs. Even where institutions have had similar goals, the approaches they have used in developing an early retirement program are dissimilar.

The goals of the early retirement program at a particular institution must be compared with the actual program characteristics to determine if they are complementary or paradoxical. In addition, the initiative for the implementation of an incentive early retirement program at these three institutions has come from disparate sources. Moreover, while acting within the nondiscriminatory guidelines established by the 1978 amendments to ADEA, each institution has addressed the issue of which cohort of faculty members to target for early retirement incentive benefits in a slightly different way. Strategies range from providing greater incentives to those age groups constituting the target population to tying departmental faculty staffing levels to a priority ranking system.

A third source of valuable information concerns the experiences of these three institutions with their early retirement programs. The number of faculty members who have elected to take early retirement under each system is useful in providing other institutions with an indication of how attractive these programs are to faculty. Each institution has also been asked to comment on the institution's perception of the strengths and weaknesses of the early retirement system as well as to comment on any features of an early retirement program that the institution feels are an essential part of a successful program. The institutional responses are valuable both for what they tell us directly and for what they allow us to infer. For example, the use by one institution of the _average_ salary for a full professor as a multiplier for the early retirement benefit indicates that those who earn an above average salary, and who presumably are the more valued faculty members, do not receive as large an incentive encouraging their early retirement as do individuals electing early retirement who earn below the average salary.

The information contained in the case studies was obtained by first sending a survey instrument (Appendix A) to each of the three institutions. This survey was completed by the person at the institution who is charged with the administration of the incentive early retirement program. The survey was returned along with a copy of the institution's early retirement program guidelines. After the survey instrument and the retirement program guidelines had been received and reviewed, additional questions or issues needing clarification were drafted. These questions and issues were discussed with each of the program administrators during a telephone interview. The case studies were developed based upon the survey data, the program descriptions, and the information obtained in the follow-up telephone interview. The case study was then sent to the program admininstrator at the applicable institution for a review of the factual accuracy of the program as represented in the case studies and for any comments that the administrator wanted to make regarding the interpretation of the material by the authors. From these comments all necessary changes were made to insure that the case studies present an accurate assessment of the features and operation of the individual incentive early retirement plans.

EXAMPLE UNIVERSITY

Example University, a state-supported institution located in a large metropolitan area in the northeast, had a 1984-85 academic year headcount enrollment of 35,000 and an FTE enrollment of 27,000. The faculty is made up of over 3,000 full- and part-time individuals, 1,100 of whom have tenure. Example University implemented its early retirement program in 1982, after one and one-half years of study. Unlike many other institutions where the development of an early retirement plan is the result of an administrative directive, Example University's program is a result of faculty initiative. The resulting plan provides incentive payments to the faculty member who elects early retirement.

During the 1980-81 academic year the Faculty Senate discussed the possibility of the creation of an early retirement program for faculty members. Fifteen faculty members and administrators representing the Senate committees on Budget Policy, Tenure and Academic Freedom, Health and Welfare, and Administrative Policies developed, with the assistance of an outside consulting firm, an incentive early retirement plan. This plan was presented to, and approved by, the Faculty Senate, the University administration, and finally the University's Board of Trustees. In order to insure compliance with state and federal laws and regulations, the University attorney and a private legal practitioner were consulted during the drafting of the proposal and again after the proposal had been developed, but before it was formally adopted.

The early retirement plan at Example University was not developed to respond to an imminent crisis nor to precipitate the retirement of large numbers of faculty members. In fact, the plan was recommended and implemented during a time in which enrollments were increasing. Demographic projections indicated, however, that within the next few years enrollments would level-off and begin to decline. In light of this eventuality, the early retirement program was designed to create institutional flexibility in dealing with the impending demographic changes. In order to begin to develop a plan, the first task was for the early retirement committee to define and prioritize goals for the institution's early retirement program. The committee determined that the primary goal of the early retirement plan at Example University should be to determine how best to provide for the renewal of the professoriate as a way of increasing institutional vitality. The institution's second goal was to reduce gradually the overall size of the faculty while still maintaining promotion opportunities for new scholars. Through the operation of the early retirement program, the committee had as additional goals for the institution the realization of financial savings as well as the freedom to reallocate resources in consonance with changing programmatic needs. The committee's prioritization of goals for the early retirement system provides the basis for the program at Example University.

Program Characteristics

The early retirement program adopted by Example University provides incentive payments for faculty members between the ages of 62 and 69 who have at least ten years of service to the institution. Upon reaching age 62, faculty members have five years in which to decide if they will participate in the early retirement program. Once this decision is made, the faculty member must provide the University with written notification of intention to retire at least twelve months prior to the beginning of the early retirement date. Once a faculty member has filed an intent to participate in the early retirement program, this decision is irrevocable. The University may, in order to protect the best interests of the institution, delay the early retirement of a faculty member for up to twelve months. If the University chooses to exercise this option, the faculty member's incentive payment is adjusted to credit the faculty member with the extra year of service while basing the incentive payment on the faculty member's age at the beginning of the originally requested retirement date. Because of the way in which Example University has designed the incentive payment structure, the addition of another year of service and the subtraction of a year of age maximize the incentive payment made to the faculty member whose retirement is delayed due to the University's action.

Example University calculates the amount of the incentive payment for early retirement based upon a scale that utilizes factors consisting of the number of years of service and the age at retirement. The maximum incentive payment any individual can collect is fifty percent of their last annual salary prior to early retirement. For example, an individual choosing early retirement at age 62, with 25 to 32 years of service would receive the maximum incentive rate of fifty percent. If this same individual delays retirement until age 65, the maximum incentive payment will be reduced to 41 percent since the incentive payment rate declines by three percent for each year beyond the threshold year of 62 the faculty member defers retirement. The early retirement program gives the highest incentive payment to faculty members with the greatest number of years of service and who elect retirement at an age closest to age 62. Conversely, the lowest incentive payments are provided to individuals with only the minimum years of service and a retirement age closest to the mandatory age of 70.

When the early retirement program was initially adopted, all faculty members were given six months in which to decide if they would like to participate in the first year of the program. In the interest of fairness and equity, during this enrollment period faculty members were, irrespective of actual age, enrolled in the program as though they were 62, thereby maximizing their incentive payment. The participation in the early retirement program of these "grandfathered" faculty members and all subsequent participants ends with the actual attainment of age 70 or the death of the faculty member, regardless of the number of years the individual participates in the program.

The incentive payments made to faculty members are adjusted annually to reflect the average increase in faculty salaries at Example University. The amount of this increase will not exceed five percent in any one year. Currently, the maximum salary used to compute incentive payments is $50,000. Therefore, the maximum incentive that can be received is fifty percent of $50,000 or

$25,000 per year, paid in equal monthly installments until the participant reaches age 70 or until his or her death, whichever occurs first. The incentive payment will not be reduced by the University because of any other annuity, Social Security, or pension benefits received by the individual from sources other than the University. In the event the faculty member who has elected to participate in the early retirement program provides any services to the University for which he or she receives payment, the amount of the early retirement incentive will be reduced by one-half of the amount of the payment for services. Therefore, a faculty member receiving the maximum $25,000 incentive, who received $15,000 for services rendered, will have the annual incentive payment reduced by $7,500 for the year in which the additional service is performed.

The University will continue to make annuity payments to TIAA/CREF on behalf of the employee who has elected early retirement. The percentage rate the University contributes remains unchanged (at 12%) after the individual elects early retirement. After retirement, however, the University's contribution is based upon the amount of the early retirement incentive paid to the individual, not upon the full amount of the annual, pre-retirement salary. Individuals may elect to continue to make voluntary contributions to TIAA/CREF if they so desire.

Example University will also continue to provide health and life insurance benefits for the faculty member who elects early retirement. The payment for these benefits, combined with the continuing contribution to the annuity plan and the generous incentive payments are considered to be essential elements in a successful early retirement program. Under the health insurance provision, Example University will continue to pay the full cost of the health and major medical plans for the participant until age 65 and the University's normal pro rata share of spouse and dependent coverage. Participants and their spouses over age 65 will be provided with major medical coverage at the University's expense. This coverage continues for the participant's life and upon his or her death the surviving spouse may continue this coverage at their own expense.

Example University also provides a life insurance policy for all individuals who participate in the early retirement program in the same amount as provided to active faculty members. Until age 70, the individual is covered by a policy in the amount of $10,000 plus the product of three times a participant's pre-retirement salary (not to exceed $150,000) times fifty percent. For example, a faculty member with a preretirement salary of $40,000 would receive $70,000 ($10,000 + [(3 x $40,000) x .50]) of life insurance coverage. After age 70 the University provides the retiree with a $10,000 policy for life.

When adopted in 1982, the early retirement program was established for a period of five years with the provision that a review take place in the third year of the plan to determine if it should be extended. This review process is currently underway and the initial recommendation is that the early retirement plan should be extended for another three years. There have been no complaints made by faculty members about the operation of the early retirement incentive plan.

Although many faculty members consider the early retirement plan to be a benefit, it is not considered a part of the fringe benefit package at Example University. The University, realizing the need to insure the flexibility to adjust programs in light of changing conditions, has purposefully imposed a time limit on the duration of the early retirement plan. While it appears that it will be continued for another three years, the University has avoided institutionalizing the plan and does not make it a part of the discussion of benefits with newly hired faculty members. To reinforce the notion that this program is not a part of the employee benefit package, the program is administered by the Provost's Office, not the Employee Relations Office.

Institutional Experience

The participation by faculty members in the early retirement plan has been at a higher level than had been expected at the time of the program's inception in two of the schools at the university. There have been no serious consequences as a result of this higher than expected level of participation in the early retirement program even though five out of thirty faculty members in one school elected early retirement within the first two years of the program. Whereas in the University as a whole, approximately ten percent of those eligible to retire early in 1980-81 chose to do so without the incentive plan, 29% of eligible faculty members retired in the initial year of the early retirement program. This percentage declined in 1983-84 to 21% and rose slightly to 25% in 1984-85. Since the creation of the early retirement plan, 83 faculty members (30 in 82-83, 19 in 83-84, and 34 in 84-85) have chosen to participate.

Neither the state nor Example University have placed limitations on the number of early retirements that can take place in any given year. When a faculty member's application to participate in the early retirement program is accepted by the University, all funds associated with the faculty member's salary and fringe benefits are withdrawn from the applicable departmental or school budget and become a part of the Provost's budget. It is from these recaptured salary and benefit funds that the incentive payment is funded. If a department feels that a replacement is needed, a justification must be filed with the Provost's office. Example University has been conscious of the goal of reducing the total number of faculty members and has therefore been frugal in reallocating resources for replacement faculty. Any authorized replacements are hired for a junior, entry-level faculty position, thereby reducing the salary expenditure significantly. The early retirement program incentives at Example University are, therefore, paid for by the recapturing of salary and fringe benefit dollars from senior-level faculty positions and the parsimonious reallocation of faculty positions at the junior-level. For example, if a faculty member at the maximum incentive rate of fifty percent, earning $50,000, elects early retirement, $64,000 ($50,000 plus 28% for fringe benefits) will be transferred to the Provost's Office. Of this $64,000, $25,000 will be needed to fund the early retirement incentive. In the event that a replacement faculty member is authorized, approximately $32,000 ($25,000 salary and

$7,000 benefits) will be returned to the department to fund this replacement. In this example, an overall cash savings of $7,000 is generated by the early retirement of one faculty member. Normally salary savings from early retirements are even more significant since authorization to hire replacement faculty members is given infrequently.

Recent retirement patterns at Example University indicate that an increasing number of faculty members are not remaining on the faculty until the mandatory retirement age of 70. The average retirement age for faculty members is 65 to 66 years old. An Example University administrator attributes this declining retirement age to the significant decline in recent years in the rate of inflation. Another factor influencing the increased participation in, and popularity of, early retirement programs may be due to the growing use of these programs in other sectors, such as business and industry, and a concomitant increase in the social acceptability of retirement. It is difficult to speculate how much of the decline in the average age of retirees is attributable to economic and social conditions and how much of it is a corollary of the availability of an early retirement program offering attractive incentives.

INCENTIVE UNIVERSITY

Incentive University, with a headcount enrollment of approximately 33,000 and an FTE enrollment of 29,500, employs approximately 3,000 faculty members, half of whom have tenure. The University is located about ten minutes from the downtown section of a major city on the west coast.

Operating within a legal environment where the state Constitution prohibits any payment to individuals except for services rendered, the early retirement program at this university is, of necessity, different from programs offered at many other institutions. Incentive University has designed a simple and effective system that provides tenured faculty members with the opportunity to retire fully prior to age 70. Under this system, the faculty member may elect early retirement at any time after reaching age 62. The faculty member who retires early has the right to elect reemployment on an annual basis up to forty percent time until he or she reaches the age of 70.

In order to assure compliance with applicable state and federal laws and regulations, legal counsel was sought before planning for an early retirement program began, during the drafting of the proposal, and again after the early retirement program had been developed. In formulating the early retirement program, Incentive University sought legal counsel from the state attorney general's office, the statutorily designated legal advisor to the institution.

The early retirement program was implemented in 1980. This program was the result of an administrative initiative. The early retirement program planning was done primarily by the university's administration. The members of the Faculty Senate subcommittee on retirement were used as advisors to the Provost's Office staff, which developed and continue to monitor the early retirement/reemployment program. The program was designed to address several goals which were prioritized by the institution's administration. The early retirement program's primary goal was to provide for the reallocation of institutional resources. The institution's second goal was to determine how best to provide for the renewal of the professoriate as a way of increasing institutional vitality. Through the operation of the early retirement program, the university had as a third goal the realization of financial savings. A reduction of the total number of faculty members was a fourth goal, and was assigned the lowest priority by the institution. However, during the period 1982-83, as a result of state mandated budget reductions, this goal became of primary importance for one academic year.

Program Characteristics

Faculty members who have reached the age of 62 are eligible to participate in the early retirement program at the university. Any tenured faculty member who chooses to participate in the early retirement program may elect partial reemployment after retirement. Incentive University guarantees that any faculty member who wishes to exercise this reemployment option will be able to do so. Under this system, retired faculty members are eligible for reemployment up to forty percent time until they reach the mandatory retirement age of 70. The specified forty percent time is the maximum dollar amount that can be paid to the faculty member from all sources, including state funds, grants, contracts, self-supporting budgets, etc. This amount is computed by multiplying the individual's base salary at the time of retirement by forty percent. Any across the board salary increases authorized by the President are automatically included in the reemployment base salary. Reemployed retired faculty are not, however, eligible for merit salary increases.

Notification by faculty members of their intent to participate in the reemployment option of the early retirement plan must come by December 1 of the year preceding the year in which reemployment is desired. For example, an individual who desires reemployment for the 1987-88 academic year would be required to notify the university by December 1, 1986.

Funding for all reemployments is provided by a central pool, administered by the Provost's Office. When a position is vacated through an early retirement, the position reverts to the Provost for rebudgeting. The rebudgeted position is assigned an entry level salary before it is released to the applicable Dean for hiring. While the rebudgeted position normally returns to the college or school from which the retirement occurred, the Dean of the college or school has the option of assigning the position to another department where, in the Dean's estimation, the need is greater. The remainder of the funds rebudgeted revert to to the Provost's Office to form a centralized pool from which all reemployment salaries are paid. For example, assuming that a vacated position is reallocated by the Provost to the Dean when a senior faculty member earning $40,000 elects early retirement,

$30,000 will be used to hire a full-time replacement faculty member. The remaining $10,000 will be placed in the centralized funding pool which is designed to pay the part-time reemployment salaries of those early retirees who elect the reemployment option. Over time, this pool of funds can also be used to support salary increases for continuing faculty members or to permit the university to make competitive offers for new faculty members.

Reemployed faculty members may request that their employment occur during specific quarters of the academic year. While an effort will be made to accommodate the faculty member's request, the university's need to meet course scheduling requirements precludes the institution from guaranteeing that a faculty member's scheduling requests will be granted. The reemployment salary will be paid to the faculty member only during those quarters in which he or she teaches. Reemployment is generally confined to instruction-related duties only, particularly when state appropriations are used to fund the salary. In general, the forty percent maximum reemployment load does not include assignments for academic advising, committee assignments, or research. Faculty members may, however, elect to use their reemployment to engage in research supported by grants or contracts, conferences or institutes. However, regardless of the source of the financing or the type of employment, no reemployed faculty member may receive payment for more than forty percent time.

Individuals who elect reemployment are considered to be hired for a temporary position equivalent to 0.4 FTE. If a replacement faculty member is also authorized upon the early retirement of a senior faculty member, a department may actually receive the services of 1.4 FTE faculty members while only incurring expenses for the one full-time faculty member. The implementation of this system has not created an overstaffing problem at Incentive University. In the event that overstaffing might occur, no full-time replacement faculty member would be authorized for the department where the retirement occurred.

Institutional Experience

Participation in the early retirement program at Incentive University has been at a level higher than was expected. Numbers of retirements under the early retirement/reemployment system have been relatively constant, and average 25 per year. The one exception to this average was the 1982-83 academic year. During 1982, the state legislature passed a law which permitted early retirement at age 55, rather than at age 62, for a six month period. During that year, 110 faculty members exercised the option of taking early retirement. With the exception of those individuals who retired under this special law, individuals at Incentive University have consistently retired at age 64 or 65.

The plan administrator at Incentive University reports that the data that have been collected show that approximately seventy percent of the faculty members who elect early retirement seek reemployment for the first year after their retirement. This percentage declines to fifty percent electing reemployment for the second year after early retirement. After the second year, only about twenty to thirty percent of the early retirees elect reemployment. Because of the pattern of the retirement age being between ages 64 and 65, most early retirees exercise their reemployment right for two years, until they reach the age of 67. Experience at Incentive University has shown that after the age of 67, few early retirees continue to elect reemployment even though they have the right do so until they reach the age of 70.

The early retirement program is considered to be a success in terms of faculty response to the program. The program administrator expressed the opinion that the program's primary strength is that it permits the faculty member to fully retire and receive full retirement benefits, yet faculty members possess the power to decide if they want to return to the university on a part-time basis. This program, therefore, is based on the faculty member's decision with regard to future employment, not on a decision made by the institution.

The only perceived drawback to this program from the university's standpoint is that some of the faculty members who elect early retirement are outstanding scholars and are not individuals that the university wants to lose. The universal nature of the plan, whereby it is available to all faculty members, means that the university is unable to prevent particular individuals from electing early retirement.

The program administrator does feel, however, that an essential element of any successful early retirement program is that it be equally accessible to all faculty members. Also considered essential elements in a successful program are the provision of full retirement benefits to faculty members and the annual decision by the faculty member regarding the continuation of teaching or research on a part-time basis.

According to Incentive University's calculations, a faculty member participating in the early retirement/reemployment program who is at the maximum guaranteed retirement goal can get fifty percent (or more if TIAA/CREF annuity exceeds the university goal) of salary from retirement and forty percent of salary from reemployment. This means that the faculty member can earn ninety percent of his or her pre-retirement salary by working forty percent time, yet still be fully retired. With the addition of Social Security and the tax benefits of the lower taxable income, a faculty member can, in fact, make more money by retiring and taking partial reemployment than staying on as a full-time faculty member.

Incentive University's early retirement/reemployment program appears to be working well for both the institution and for faculty members. The overall simplicity of the program and the ease of administration make it a very attractive option for other institutions of higher education that have an interest in early retirement programs.

PRIORITY UNIVERSITY

Priority University, a state-supported institution located in a midwestern city, had a 1984-85 academic year headcount enrollment of 14,600 students, which resulted in an FTE enrollment of nearly 11,000. There are 650 faculty members employed on a full- and part-time basis, nearly 300 of whom have tenure. Priority University implemented its present early retirement system in 1982, with the first retirements occurring in the 1983-84 academic year. There was an early retirement plan prior to 1982, which had been drafted by the administration with only limited input from faculty members. Many members of the faculty at Priority University perceived that this administrative plan would be extremely costly, both in actual dollars and in the potential for the loss of large numbers of faculty members.

An *ad hoc* faculty committee was formed that sought to design a new incentive early retirement plan for Priority University. In order to develop a plan, the committee's first task was to establish a priority listing of desired goals for the early retirement program. The committee felt that the most important goal of an early retirement program was to provide for the reallocation of resources. Moreover, the early retirement program was seen as a way to achieve the second goal of reducing the tenure ratio at the institution. The committee adopted as a third goal the need to provide for the renewal of the professoriate as a way to increase institutional vitality. The achievement of financial savings and the reduction in the total number of faculty members at the institution were the fourth and fifth goals of the early retirement program designed by the committee for Priority University.

The *ad hoc* planning committee used a computer model of faculty age, years of service, and salary to project the effects of various early retirement programs. The faculty committee was most insistent that a limit or cap must be established on the total percentage of institutional funds that could be spent on the program. The prevalent faculty opinion was that an early retirement program should be an *institutional* rather than a *faculty* benefit. Because of this, many faculty members felt that the institution should not deplete its operating budget to finance an early retirement program. Realizing that any program must conform to state and federal laws and regulations concerning retirement, the legal advice of the University's staff attorney was sought by the committee during the drafting of the early retirement proposal and again prior to the implementation and formal adoption of the plan.

Program Characteristics

To achieve the primary goal of reallocating resources and to provide a fair, legally sufficient, and systematic method for the selection of individuals to participate in the early retirement program, the committee recommended, and Priority University implemented, a priority ranking system. Under this priority system each academic department is ranked relative to staffing level. Faculty who are members of an overstaffed department receive highest priority for participation in the early retirement program. Using the ranking of departments by level of staffing, secondary consideration for participation in the early retirement program is given to faculty members from departments that are not overstaffed. Within this secondary priority zone, individuals are ranked according to the sum of their age and years of service at the institution. Because there is a limit on the percentage of the total faculty salary budget that can be used for the early retirement program each fiscal year, some rationale for prioritizing which faculty members should be permitted to participate in the early retirement program was essential.

Unlike many other early retirement incentive systems, Priority University's program is based upon the purchase by the institution of a single-premium annuity for each early retiree. It is from this annuity, and not directly from the institution, that the individual retiree receives a monthly payment.

Any faculty member who has reached the minimum participation age of fifty and who has served the University for at least fourteen years is eligible to apply for the early retirement program at Priority University. Applications for the program are submitted by the faculty member through the department chair and dean to the Provost's Office by August 31 of the year prior to the desired retirement date. For example, a faculty member would submit an application by August 31, 1986 if he or she wished to retire at the end of the 1986-87 academic year. Any applications for early retirement that cannot be approved because of the funding limits and the operation of the priority system may, at the request of the faculty member, remain on file for consideration in the following year. The priority criteria for the following year will apply to all applications eligible for consideration, including any carry-over applications. Faculty members will be notified of the approval or disapproval of their application by December 1. Faculty members who have had their application for early retirement approved have ten days in which to accept or reject early retirement. If a faculty member decides, after the approval for early retirement has been given, not to retire, he or she will be prohibited from applying for early retirement for one year. Faculty members who withdraw their application for early retirement prior to the institution's decision relative to whether or not early retirement will be granted are eligible to apply for early retirement in the subsequent year.

The priority system, which provides the basis for determining which faculty members' application for early retirement will be approved, operates by using a two-tier categorization of priorities. Using the faculty work-load report for each department, a ratio is calculated that relates the state's guidance relative to student credit hours taught per full-time faculty member to the actual student credit hour productivity of the department. The resulting ratios are arranged in a Staffing Factor Table, which ranks the individual departments at Priority University from highest faculty ratio (most overstaffed) to lowest staffing ratio (least overstaffed). Priority University has established a guideline that places all departments having a staffing ratio of over .776 in the first priority category for the approval of early retirement. When applications are received from faculty members in the first priority category, they are arranged in descending order according to the position of the applicable department in the Staffing Factor Table.

Faculty members who are in departments with a staffing ratio of less than .776 may also apply for early retirement. Within the second priority category, individuals are ranked in descending order by an age and service factor, which is the sum of their age and years of service at the institution. However, because the primary goal of the existing early retirement program at Priority University is to reduce overstaffing, a higher number of retirees from overstaffed departments or, at a minimum, at least parity between first and second priority applicants will be approved. If two or more faculty members are eligible for the last early retirement slot because they have identical staffing or age and service factors, the university will approve each of the early retirements rather than choosing from among the eligible individuals.

The faculty member who elects early retirement will receive a monthly benefit for life from a single-premium annuity that is purchased and owned by the university. The total dollar amount of the annuity is based upon the use of a multiplier factor that combines age and length of service at Priority University. This factor is then multiplied against the average salary for a full professor at Priority University (as published by the A.A.U.P.) and the resulting dollar amount is the value of the single-premium annuity. Priority University's system gives the largest annuity, and thus the largest monetary incentive for early retirement, to individuals who are ages 59 or 60. The funding formula multiplier is also paired for individuals who are age 58 and 61, who receive the next largest incentive, and ages 57 and 62, who receive the third largest monetary reward for early retirement. An individual who has reached the age of 59 or 60 and who has twenty years of service at Priority University is eligible for the largest early retirement multiplier of 1.50. Based on the average nine-month salary at the institution for a full professor of $31,000 in 1981-82, this would translate into a single-premium annuity in the amount of $46,500. An individual at age 58 or 62 with 20 years of service at the institution would have a multiplier of 1.35 and thus an annuity in the amount of $41,850. By contrast an individual who elects early retirement earlier, at age 50 for example, with twenty years of service would have a multiplier of .50 and an annuity in the amount of $15,500. Likewise, individuals who wait until closer to the mandatory retirement age of 70 have a diminished multiplier factor.

The determination of the amount of the multiplier factor was a source of much discussion among the members of the faculty committee planning the early retirement program. Basically, the committee had to decide which age group(s) it wanted to target for early retirement and then make the program most attractive to that group of individuals. The committee targeted ages 59 and 60 as the peak ages that they wanted to attract to the program. The committee determined that if individuals waited longer to retire that it would not serve the purposes of the program. Conversely, if faculty members retired too early the program could be costly to the university because of the provision that allows the retiree to teach on a part-time basis if workload demands warrant and because it would result in having faculty members retire during their peak of productivity and effectiveness.

The Priority University early retirement program also contains a provision that permits a faculty member to request part-time teaching duties after his or her retirement until age 70. Because of state law, teaching to age 70 cannot be guaranteed to faculty members who elect early retirement. The University, however, makes a good-faith effort to continue the retiree in part-time teaching if the retiree so chooses. It has been the experience of Priority University that most faculty members do choose to continue to teach on a part-time basis, partially because it is lucrative to do so. Teaching is limited to one-third time for a maximum of 85 days each year. Compensation is based on one-third of the retiree's terminal full-time nine-month base salary adjusted annually by the average percentage adjustment for all faculty salaries. Individuals who do not select the part-time teaching option will have the amount of their single-premium annuity increased by thirty percent.

Faculty members at Priority University are members of the state retirement program, which is a defined benefit program. Benefits under the state retirement program are based upon the individual's age at retirement, number of years of service to the state, and an average of the salary for the three years in which the individual received the highest amount of compensation. Under this state retirement system, a faculty member at age 55 with thirty years of service will receive a retirement income of 60% of the average salary for the three highest years. If the faculty member teaches for the maximum one-third time, he or she will receive close to 90% of his or her preretirement salary. When the monthly benefit from the annuity is added, the monthly income of the faculty member may, in fact, be greater than before retirement.

The early retirement program at Priority University also includes a number of other perquisite benefits. Early retirees are given the option of purchasing $25,000 of life insurance at the University group rate. Tuition fee waivers for the retiree and members of his or her immediate family are also provided. Office space will be provided for faculty members electing the part-time teaching option. The use of libraries, the physical education complex, and other facilities normally available to full-time faculty members are also available to the retiree. Additionally, retirees will be recommended for Emeritus status, subject to the approval of the President and the Board of Trustees. No health insurance is provided by the University because there is a very good medical plan included in the state retirement program.

Institutional Experience

Early retirements under the current plan began in 1983-84. Seven faculty members in 1983-84 and five in 1984-85 have participated in the early retirement program at Priority University. Although these numbers are small, the level of response by faculty members has been at the level that was expected by the institution. This is due primarily to the youth of the faculty and the newness of the institution, which was founded in the mid-1960s. Because of the small numbers of faculty members seeking early retirement, Priority University has only reached the limit imposed by the funding cap once. Otherwise, it has not needed to utilize the priority system to determine who will be permitted to retire early. The institution does conjecture that there may have been some self-selection by faculty members because the priority system and the limitations on the numbers of early retirements that could be approved were widely advertised.

In reacting to a question concerning whether the early retirement program at Priority University is a success based on the established institutional goals, an institutional representative gave a qualified "yes," but commented that the program was becoming less successful for achieving institutional goals each year. The concern is that Priority University is no longer facing a problem with overstaffing. Therefore, the goals that were originally targeted, and the plan which was designed to achieve those goals, may no longer be appropriate in the changed institutional environment. While overstaffing is no longer deemed to be a problem, Priority University does want to continue to offer an early retirement program to address the institution's new primary goal of providing for a renewal of the professoriate by insuring that there is room on the faculty for young faculty members to be hired. This goal is designed to promote a moderate flow of faculty members in and out of the institution at all times.

Members of a faculty committee are currently reviewing the early retirement plan's goals as a part of a review of the entire early retirement program at Priority University. This review was also prompted by the passage of enabling legislation by the state legislature that will now permit institutions to buy additional years of service on behalf of an individual from the state retirement service. This may be an attractive option to the institution particularly because under this new law the institution would not be obliged to pay for this "buy out" in one lump sum, but could spread the payment over several years.

Another portion of the faculty committee's review will focus on an examination of the cases in which early retirements have been granted under the current program. Part of the concern will be with trying to focus the early retirement program a bit more to insure that the program is truly a benefit to the University in meeting institutional goals. Although all literature concerning the early retirement program at Priority University highlights the concept that the program is not designed to provide a faculty benefit, in practice early retirements have been approved for all who have applied and the program is beginning to be perceived by faculty members as providing a faculty, rather than an institutional, benefit.

The current program administrator, who is himself a member of the teaching faculty, believes that the early retirement system at Priority University has three major strengths. First, the plan helped the institution to meet the fundamental goal of reducing an overstaffing problem. The program is also seen as strong because it allows part-time teaching by retirees, which serves as an incentive for participation in the program by faculty members and as a means by which the university can retain the services of talented, mature faculty members. The presence of a specific limit on the percentage of faculty salary dollars that can be expended in support of the early retirement program is also perceived to be a strength of the program at Priority University.

The part-time teaching option, which in some respects is a strength of the early retirement program, is also considered to be a weakness by the program's administrator because he feels there is no way to refuse part-time teaching to non-productive faculty members who are otherwise qualified for the program. A second weakness of the existing program, according to this administrator, is that as the overstaffing problem is reduced, the pay-back period is increased and, consequently, the cost effectiveness of the early retirement program is reduced. In an overstaffed environment the university expects, when it purchases a single-premium annuity for the early retiree, to recover the cost of the annuity by not replacing the retiree. When overstaffing is reduced and a replacement faculty member has to be hired to fill the vacancy left by the retiree, however, the time it takes to recoup the initial outlay for the annuity is increased.

Although the present early retirement system is currently under review by Priority University, it may be of interest to other institutions because of its priority system. Other institutions that must limit expenditures on early retirement programs, either because of state or institutional mandates, will have to have a clearly defined, fair, and equitable way of determining who has first priority for participation in an early retirement plan.

ANALYSIS AND SUMMARY

The three case study institutions highlight the significant differences that exist in all aspects of the planning and implementation of early retirement programs. Although all institutions have an incentive early retirement program and all report satisfaction with their system, other similarities are less apparent. At the most basic level, the initiative for these three early retirement incentive plans came from three separate sources. At Example University the impetus came from a joint faculty/administrative committee composed of members of the Faculty Senate. Whereas, at Incentive University an administrative initiative created the idea, began the planning, and developed the entire early retirement program. At Priority University a faculty committee developed a plan that completely revamped a previous early retirement plan that had been the result of an administrative directive.

Institutional goals for the early retirement system should be in consonance with the program design. In the example of Priority University, the institution's first goal was to provide for the reallocation of resources. The priority system that was designed was created to encourage early retirements in departments where there was overstaffing so that faculty positions could be moved to understaffed departments or eliminated entirely, depending on enrollment demands. On paper the plan seems to match perfectly the primary institutional goal. In practice, however, the institution has only reached the funding cap on one occasion and, therefore, the priority system has not had a significant impact on approving some retirements while denying others. As a result, retirements may not necessarily have come from the departments where overstaffing was most acute and may not have provided for the optimum amount of reallocation. Because the priority system was announced, however, the program administrator does feel that some self-selection has occurred and that faculty members from departments which are not overstaffed have not applied for the early retirement program.

Although Incentive University has the same primary goal as Priority University, it has chosen a different way to attempt to reallocate institutional resources. Incentive's plan, because it guarantees part-time reemployment to any faculty member electing early retirement, does not initially appear to facilitate reallocation. The institution's experience with the plan, however, has been that faculty members do not continue to exercise their reemployment rights for more than two or three years. Moreover, when the early retirement occurs, the Provost and/or the applicable Dean may reassign faculty positions to a department other than the one in which the early retirement occurred. In this way, resources are reallocated and the second goal of renewing the professoriate with the introduction of new faculty members are both accomplished. Although it at first appears that this plan would not result in a financial savings to the institution, savings have, in fact, resulted from the implementation of this program.

The goals of the early retirement program at Example University are to provide for a renewal of the professoriate while reducing the total number of faculty members at the institution. Example's early retirement program supports these goals by providing an attractive financial and fringe benefits package to faculty members who elect early retirement. The program has the dual effect of freeing spaces for younger and less costly faculty members while at the same time allowing the institution to be selective in deciding whether to hire replacement faculty members to fill the resulting vacant positions. In this way it is also possible for Example University to meet its third and fourth goals of realizing financial savings and reallocating resources through the operation of the early retirement program.

In assessing these three early retirement plans with reference to how well they meet the stated goals of the institution, it is important to realize that the early retirement planning process is not static. Both Example and Priority Universities are beginning to reexamine their plans in light of how well they have been performing and how well they meet the current and future needs of the institution. It is imperative to remember that these three plans are all institutional benefit plans, not faculty benefit plans and should, therefore, be designed to meet the needs of the institution. Priority University, for example, is currently reviewing its early retirement plan because of changes that have occurred in the state retirement statutes and because of changed institutional goals. Priority University no longer needs to reallocate resources or reduce the tenure ratio, which had been the most important aspects of the original goals for the program. While still seeing a need to continue with an early retirement program to provide a way of insuring a steady, but moderate flow of new faculty members into the institution, the program may have to be revamped to meet the revised institutional priorities.

Unique features of state law had to be accommodated in designing the early retirement plans at two institutions. At Incentive University, the state constitution prohibited any payments except for services rendered. This meant that the more traditional forms of early retirement incentives, such as a lump sum payment, severance benefits, continued payment to an employee's annuity, or the establishment of a single-premium annuity account could not be part of the University's plan. State mandates, however, do not prohibit the guarantee of part-time reemployment to any faculty member who elects retirement from Incentive University. Nearly the opposite situation exists at Priority University where state law allows the institution to establish a single-premium annuity as an incentive for early retirement, but prohibits the guarantee of part-time employment after retirement. Priority University does, in fact, seem to discourage the pursuit of part-time teaching by giving an added incentive to early retirees who decide against part-time teaching. Individuals who do not select the part-time teaching option from the outset of their retirement will have the amount of their single-premium annuity increased by 30%. Retirees who initially elect to teach part-time and subsequently decide to discontinue part-time teaching will not have the amount of the single-premium annuity increased.

The early retirement program at Example University is designed to give the greatest incentive for retirement to faculty members who are 62 years of age and have a minimum of 25 years of service to the institution. Under the early retirement plan at Example University any individual over the age of 55 and under the age of 69 may elect early retirement. The program is designed to provide the maximum incentive benefit to individuals with the greatest number of years of service and who elect retirement at an age closest to age 62. Incentive payments decline after age 62 as a way of encouraging faculty members to elect retirement at the threshold age of 62. The Example University plan gives each faculty member five years after reaching age 62 to decide if he or she will participate in the early retirement plan.

Priority University has also developed an incentive early retirement plan that gives the maximum incentive to a particular age cohort. At Priority University, the largest monetary incentive for early retirement is given to individuals who are ages 59 or 60. The University committee that established the early retirement program determined that the maximum incentive should go to individuals who are ages 59 or 60 because the committee felt that this was the retirement age that would best serve the needs of the institution. The committee reasoned that if individuals waited until after 60 to retire that the institution was really not receiving the full benefits of an early retirement plan. However, if faculty members retired before age 59 or 60, retirement would come "too early" because the institution would lose productive and valuable years of service by the retiree.

Unlike the plans at Priority and Example Universities, the retirement/reemployment program at Incentive University does not designate an optimum retirement age. Because of the structure of the program, employees take full retirement from the university anytime after reaching age 62 and are eligible for retirement benefits. If they so desire, the retiree may elect to continue teaching on a part-time basis until age 70 without any monetary penalty.

Part-time teaching, guaranteed at Incentive University and available as a non-guaranteed option at Priority University, is one type of benefit for faculty members who elect early retirement. Retired faculty members at Priority University are part of a state-wide defined benefit retirement system and receive health insurance benefits as members of this retirement system. In addition, early retirees are eligible for low cost life insurance; tuition fee waivers for the retiree and members of his or her immediate family; use of libraries, the physical education complex, and other facilities; and recommendation for Emeritus status. Example University also provides a number of benefits to early retirees including continued health and life insurance benefits and continued contributions to the retiree's annuity plan.

It is obvious that all three institutions have a commitment to providing the early retiree with sufficient funds to make early retirement a viable economic option for the individual faculty member. Example University automatically increases the amount of the incentive payments made to retired faculty members by the average increase in faculty salaries at the institution, up to a maximum of five percent. At Incentive University, base salaries for part-time, reemployed retirees are increased by the amount of any across the board salary increases authorized by the President of the institution. Likewise, at Priority University the maximum part-time teaching salary for the retiree who elects this option is based on the final salary for the faculty member, divided by one-third. This part-time salary is adjusted annually by the average percentage adjustment for all faculty salaries at the institution. Incentive University and Priority University both estimate that individuals who elect the part-time teaching option after retirement can earn about 90% of their pre-retirement income through a combination of retirement benefits.

One of the biggest problems in designing an early retirement program is in making the incentive attractive enough to encourage a sufficient number of retirements to meet the institutional goals, but not so attractive as to precipitate large-scale retirements. Equally challenging is tailoring a retirement system that encourages those faculty members who are no longer productive to leave the institution while, at the same time, discouraging the more productive and valuable scholars from leaving.

One final comment is in order at this time, and this refers to the question of the costs versus the benefits of incentive early retirement programs for faculty members. It appears from the comments provided by the institutional representatives who participated in the development of these cases that, from the perspective of institutional objectives, the programs are meeting cost-benefit considerations.

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EARLY RETIREMENT PROGRAM SURVEY

There is a growing interest among colleges and universities that are considering the establishment of an early retirement program to; 1) know how successful these programs are at other institutions, and 2) to identify the program characteristics which appear to have been significant in contributing to their success.

In the interest of providing institutions with information on existing programs we are developing a series of case studies. Your institution has an early retirement program and we would like to have you represented in our case studies. The experiences you have had with your program will be of assistance to other institutions as they explore the feasibility of implementing an early retirement program and as they determine which characteristics should be included in their program. The information you provide in this survey will be utilized in an individual case study writeup, therefore it is extremely important that all items be answered. If you consider certain items to be confidential, please indicate at the end of the survey form how this information may be used.

1. Name of Institution____

2. Individual completing survey

   Name________________________________Phone (   )________

   Title____

   Mailing Address____

   ____

   ____

3. Institutional Information

   Fall 1984-85 enrollment: Headcount________________________

   Full-time Equivalent_____________

   Fall 1984-85 faculty staffing: Headcount_________________

   Full-time Equivalent_______

   Number tenured_____________

1984-85 Educational and General Expenditure Budget

Total $ ____________________

4. Early Retirement Program Information

a. In what year was the institution's program implemented?_________

b. For each of the following years please provide the information as requested.

	1982-83	1983-84	1984-85
Number of faculty who were new participants in the early retirement program each year.	_______	_______	_______
What percentage of faculty eligible to participate did this represent?	_______	_______	_______

c. Has the response by the faculty members been at the.. level of participation that the institution anticipated when the program was implemented? Check one.

Above the expected level ______
At the expected level ______
Below the expected level ______

d. Is there a limited decision period during which a faculty member must elect to participate? Yes ______ No______
If yes, how long is this period_____________and at what age does it begin____________?

e. Please indicate the priority order (with 1 indicating highest priority) that most closely matches the institutional goals for the early retirement program at your institution. . .

_____ Provide for reallocation of resources
_____ Reduce Tenure Ratio
_____ Reduce total number of faculty members
_____ Achieve financial savings
_____ Provide for renewal of the professoriate to increase institutional vitality

f. Were numerical goals established for the program in terms of faculty positions to be vacated for any of the following reasons? If yes, please mark yes and indicate the number of positions which were the goal.

	Yes	No	Number
Provide for reallocation of resources	_____	_____	______
Reduce tenure ratio	_____	_____	______
Reduce number of faculty	_____	_____	______
Financial savings to institution	_____	_____	______
Provide for renewal of the faculty by permitting new hires	_____	_____	______

g. Would you label the early retirement program at your institution a success based on your institutional goals and faculty response to the program? Yes ______ No ________

5. Funding for the early retirement program . . .

a. What is the source of funds that are utilized to provide the benefits which are associated with the program?

_____ Private funds
_____ State general funds
_____ A combination of the above

b. Is there a cap on the amount of funding which the institution can commit in support of the program on an annual basis? Yes ______ No ______

c. If yes, is the cap established by the institution ______ or by an external agency (state government) ______?

6. Based on your experiences with an early retirement program...

a. What elements do you believe are <u>essential</u> to a successful program? (Use an additional page if necessary)

b. What do you perceive to be the strengths of your early retirement program?

c. What do you perceive to be the weaknesses, if any, of your early retirement program?

d. What groups were involved in planning the early retirement program? (Check all that apply.)

_____ Faculty
_____ Administrators
_____ Support Staff
_____ Other (please specify) ______________________________

e. How were the members of the early retirement program planning committee selected?

7. Are there any on-going mechanisms for changing or modifying your early retirement plan? Yes ______ No ______
If yes, please explain what the mechanisms are and if they have been used.

8. Has there been any opposition to the early retirement plan? Yes _______ No ______
If yes, by whom, on what issue(s), in what form, and what have been the ramifications? (Please use an additional page if needed)

9. Legal issues concerning the early retirement program . . .

a. Was legal counsel consulted (check all that apply). . .

	Yes	No
Before planning for an early retirement program began	_____	_____
During the drafting of the proposal	_____	_____
After the early retirement program had been developed, but before it was formally adopted	_____	_____
No legal counsel was ever sought regarding the early retirement program	_____	_____
Other (please specify)	_____	_____

b. Source of legal counsel (check all that apply) . . .

_____ college or university attorney (on staff)
_____ private practitioner hired or on retainer
_____ state attorney general's office
_____ other (please specify)

10. Have you had any legal challenges to your program? Yes___ No___ If yes, please briefly describe the nature of the challenge.

11. Use of survey information . . .

_____ Confidential
_____ Information may be utilized without institutional attribution
_____ No restriction on use of the information

Please return this survey and a copy of your early retirement program description in the enclosed envelope to:

Jay L. Chronister, Professor
Center for the Study of Higher Education
Ruffner Hall, School of Education
niversity of Virginia
405 Emmet Street
Charlottesville, Virginia 22903

THANK YOU FOR YOUR COOPERATION

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