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ABSTRACT

A preliminary investigation was done of the effect of the elimination of mandatory retirement of tenured faculty in higher education and the estimated costs of providing faculty benefits and inducements in a future without mandatory retirement. The study developed a classification system of possible benefit packages including the following: (1) little or no cost benefits might include access to facilities and events and the right to serve on thesis, dissertation, and departmental committees; (2) a benefit package in the middle-cost range might include a campus center for retired faculty, ability to audit courses, and full mailing privileges; and (3) a high-cost benefit package for those continuing to teach or do research might include laboratory and research resources and access to shared departmental space, telephone, secretarial services, and supplies. The study asked administrators at nine institutions to estimate annual costs for each class of benefit. Results also showed that for the first class of benefits costs would be very little. The middle level of benefits might cost a few hundred dollars per year. The high cost level might mean thousands per year but would in some cases bring substantial return. (Contains 18 references.) (JB)

# LOOKING FORWARD TO UNCAPPING: A PILOT INQUIRY INTO COSTS OF FACULTY RETIREMENT BENEFITS AND INDUCEMENTS

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Abstract

On January 1, 1994, under present assumptions, the relationship between tenured faculty and institutions of higher education will change with respect to the date of retirement. Starting in 1994, there will be no mandatory retirement age for tenured faculty members.

The purpose of this paper is to report on a preliminary investigation of issues related to uncapping (the elimination of mandatory retirement of tenured faculty in institutions of higher education), and the estimated costs of providing faculty benefits and inducements in a future without mandatory retirement.

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## Introduction

On January 1, 1994, under present assumptions, the relationship between tenured faculty and institutions of higher education will change with respect to the date of retirement. Starting in 1994, there will be no mandatory retirement age for tenured faculty members.

### *Purpose*

The purpose of this paper is to report on a preliminary investigation of issues related to uncapping (the elimination of mandatory retirement of tenured faculty in institutions of higher education), and the estimated costs of providing faculty benefits and inducements in a future without mandatory retirement.

### *Issues*

The confluence of several events--the likely demise of compulsory retirement for tenured faculty, the life-span extension of intellectually vigorous faculty, and the possibility of faculty shortages - will lead to a re-examination of a number of issues in higher education.

Existing issues may be exacerbated when a compulsory retirement age no longer prevails. One is what to do with unproductive or incompetent faculty. Another is how to keep highly productive faculty. A third is how to continue to pay relatively high salaries to older professors and still find funds to hire younger ones. A fourth is how to find office and research space for younger newly hired faculty when funds are available. A fifth is how to contain the mounting costs of fringe benefits, e.g. health benefits, long term care insurance, and institutional retirement fund contributions.

It may be costly to retain tenured faculty who want to continue to work later in life. They are likely to be faculty with the longest tenure and the highest salaries. As they continue to work and contribute, they will expect to receive equitable salary raises. There would seem to be little institutions can do to alter the situation. It would be inequitable, and probably illegal, to treat older faculty different from other classes of faculty in regard to annual raises. Faculty evaluation cannot be applied only to older faculty; again, equitable treatment would certainly seem necessary and desireable (AAUP 1987).

Although it is useful to examine the cost of benefits in a future without mandatory retirement, such costs may be cheap in light of the alternative. Each tenured faculty member will soon be able to retire without regard to a mandatory age. The cost to the institution for each year retirement is postponed may be substantial. With this in mind, the cost of giving faculty the possibility and resources to remain productive and associated with their institution in retirement may be viewed as a savings rather than additional expenditures.

The retention of valuable older faculty members has other effects. Older faculty often bring a background, history, and tradition to their area of scholarship. They have talents, knowledge, and skills which constitute a considerable national resource. Treating them as valued colleagues is also important to institutional morale, and is evidence of the presence of important institutional values, such as collegiality (Bowen and Schuster 1986; Riley 1986).

Another potential effect of uncapping is that it may have an effect on faculty shortages (Bowen and Sosa 1989; Lozier and Dooris 1987). It is hard to find top level faculty in some disciplines, and to attract them often turns out to be expensive. Retaining productive and valuable faculty who wish, and are financially able, to retire from full time work will become more important if in the future faculty shortages become widespread. Institutions may be able to induce such faculty to remain by offering rich benefits and a reduced load.

There are recent changes in federal legislation which will affect faculty retirement decisions and institutional planning (Holden and Hansen 1989: Sumberg 1989). Several changes in social security, age discrimination law, and tax reform may motivate some faculty to continue to work as long as possible, and tend to increase costs to higher education:

1. The age at which unreduced social security benefits will be paid has been increased, thus encouraging potential retirees to defer retirement until they can receive full benefits. That age is scheduled to increase again in the year 2000. It will move steadily up to age 66 for those who reach age 62 in the year 2005 and will reach age 67 for those who turn age 62 in 2022. At the same time, benefits paid to early retirees at age 62 will be reduced by 30%

rather than by the current rate of 20%. Moreover, motivation for putting off applying for social security at the current age for full benefits (age 65) should be heightened due to the scheduled rise in the deferred retirement credit from 3% to 8% per year between 1995 and 2013.

2. Employer-paid medical benefits may no longer be reduced at the employer's discretion at age 65. Unless the current law is changed, the participation in college-sponsored health insurance programs of tenured faculty members past age 70 will also be protected.

3. Current law, the Age Discrimination in Employment Act (ADEA), prohibits age-based discontinuance of retirement contributions by employers. Institutions of higher education, can no longer rely on an age-specific trigger in the pension acquisition process to suggest a time schedule for retirement.

4. For almost two decades the higher education community has sought ways to increase desirable early retirement options for faculty. The 1986 Tax Reform Act (TRA) impeded those efforts to encourage early retirement in several ways. Perhaps most evident was the strict limit placed on the employment of salary reduction savings plans, lump-sum payments, and the use of other tax-deferred arrangements as incentives for faculty members to retire early. It promises to be some time before the TRA regulations become sufficiently clarified for new financial accommodations attractive to faculty members to emerge.

After careful consideration of factors such as the four briefly noted above, Sumberg (1989: 13) concluded that they would probably have little influence on the timing of retirement for faculty members prior to 1990. But he added:

> Perhaps as social security and tax rules discourage early retirement and allow employees to continue working, to retain their health insurance,and to accrue pension benefits beyond age 70, attitudes toward retirement among a new generation of faculty members

will change. Such new attitudes could lead even more faculty members to continue teaching and research beyond age 70.

If there is a move toward later retirement, what will be the effect of uncapping on anticipated faculty shortages? How will young faculty feel about uncapping, and will uncapping have any effect on their careers? Or will uncapping be a non-event, having an effect in a few institutions, but lost statistically in the multitude of complex retirement decisions made annually in thousands of institutions employing many thousand faculty?

Also, it remains to be seen what differential effects, if any, uncapping will have, e.g. whether effects will vary by institutional level, by institutional mission, by geographic area, by the strength or weakness of the national economy at the time of retirement, by discipline or professional field (Dooris & Lozier 1987).

These issues take on special relevance for planning now, when new retirement options are likely to influence institutional costs and practices, particularly those associated with tenure, compensation, productivity, post-retirement benefits, and related matters under impending conditions of no compulsory retirement age. Whatever the options, they are likely to be costly.

*Need for the Study*

The question of the cost often arises when a decision is made or is about to made on a course of action, in this case the removal of mandatory retirement for tenured faculty. Earlier studies on faculty and institutional behavior at time of retirement, with the exception of the COHFE (1989) study were not designed to investigate costs. Even that study, noted that it did not determine how much institutions know about the costs of providing retirees with services and amenities. In planning for uncapping, institutions may well ask what it will cost to comply with the law in 1994.

For tenured faculty who wish to continue working beyond 65 or 70 years of age, planning options for their institutions will be to continue faculty employment until the faculty member decides to retire, to negotiate reduced employment options, or to offer benefits that enable faculty to retire while retaining those aspects of faculty life that are most important to them.

Providing benefits, such as the use of an office, computer services, laboratories, equipment, supplies, secretarial service, clearly have a higher cost. A full analysis of the costs as well as the benefits of providing an array of privileges to faculty of retirement age, as an alternative to remaining in full time employment, would surely be desireable at each institution to enable it to engage in realistic academic and fiscal planning (Weiler 1989).

Unfortunately, the literature on this subject is severely limited. Also, few institutions have either hard data bearing on the intentions and aspirations of faculty who may be thinking about retirement, or data on the costs those intentions may engender (COFHE 1989).

Uncapping may make it increasingly important to know what these costs will be for the employed, as well as for those whose retirement decisions may be influenced by retirement benefits. An estimate of these cost is needed to plan for them, and to have one important measure of comparison among the possible options available to faculty and institutions.

## Methodology

An informative way of investigating what faculty envision in emeritus status is to examine retirement benefits institutions offer retired faculty. Some are finding ways to keep faculty active in retirement, whether the motivation is to retire them, or to retain the services of those they would rather not lose. These institutions offer faculty what they want: office and laboratory space, secretarial help, parking privileges, and opportunities to teach and research at their own pace (AAUP 1988; Blum 1988; Mangan 1988).

Some institutions also provide opportunities for phased retirement, i.e. to reduce workload gradually over time until at some agreed upon future time the individual is fully retired. Others support associations that organize social and academic events, lectures, lunches, and seminars that appeal to emeritus faculty and keep them involved and up to date in their fields (Albert 1986; Auerbach 1986). Albert (1986) writes about a redefinition of retirement and emeritus status. As chair, Committee E of the California Conference of AAUP, Albert was charged to make recommendations concerning the role of retired faculty in university life.

One result of the charge was a list of "rights" of retired faculty. Some of these rights, paraphrased below from Albert's list, are benefits that one would expect to be available to all retired faculty, such as pre- and post-retirement information and counseling, continued access to credit union services, to faculty bookstore discounts, to faculty dining privileges, to the college library, to athletic and cultural events of the institution, and to college and alumni travel programs. Other benefits include retention of a campus address; listing in college mailing lists, catalogs, directories, and campus speaker rosters; the right to serve on thesis, dissertation, and departmental committees; and invitations to commencements, faculty meetings, seminars, colloquia and other campus meetings and functions. Also, retired faculty should be used in advisory capacities, be able to be represented on Senate or faculty councils, and be provided with retired faculty identification cards and opportunities to teach. Help with the establishment of an association of retired faculty, and a place for it to meet on campus are other benefits listed.. These were assumed to involve little or no incremental cost to the institution, and in some cases bring income.

A second group of benefits appeared to be at mid-level in terms of institutional cost and commitment, and these may be restricted to retired faculty who request them. In this group of benefits, administrators were asked what it would cost to provide retired faculty club membership, to provide access to campus recreational and social facilities and to the college guest house (if any), to provide a campus center for retired faculty, to allow audit of courses, and to provide full mailing privileges. In this middle group the incremental costs to the institution may be low, but some cost is present. Benefits may carry a charge to the faculty member, and this charge might continue in retirement, e.g. faculty club membership and use of recreational facilities. In that case, there is a cost but all or a part is borne by the user, not the institution.

The third group of benefits were assumed to be costly. They may be offered to those faculty who want to continue their teaching, research, and other activities, and who are welcomed in that role by the institution. This group of benefits would include the use of laboratory and other research resources, access to shared departmental office space, telephone, secretarial services, computers, word processors, stationery, supplies, and other resources. Thus, retired faculty would be able to receive and administer grants, contracts, awards, and other funded research projects; they could request assistance in producing scholarly publications, in making research and other grant proposals, and in making presentations at professional meetings. They would, in sum, be similar to full time faculty except that their required load, faculty commitments, and monetary compensation, would be reduced. In exchange for institutional support to continue to engage in their life's work at the university, they would formally retire and informally continue at their own pace.

This list of benefits was used as a basis for an interview schedule designed to ascertain estimated costs of benefits which were offered or might be offered by institutions of higher education. The interview schedule used the above three groups: benefits which appear to fall into categories of little, medium, and high cost. Assignment to groups was guided by cost assumptions that seemed reasonable, based on discussions with administrators in a previous research project, and the literature (COHFE, 1989; AAUP, 1988; AAUP, 1987; Albert, 1986; Auerbach, 1986).

*Subjects, Sample Size and Composition*

Administrators at nine institutions of higher education were asked if they would assist in an exploratory study designed to assess the feasibility of ascertaining costs of benefits to their retired faculty. All agreed to help. Some suggested others in the institution who were more knowledgeable.

Eight institutions had been part of an exploratory study of emeritus faculty a year earlier (Mauch, et al., in press). In each case the administrator was familiar with the issues of uncapping, benefit costs, and the potential uncapping had for change in higher education. In some cases several administrators from the same institution provided information. They held positions as, treasurer, associate provost, director of human resources, director of institutional research, or director of personnel.

Institutions were selected on the basis of accessibility and willingness to respond carefully and accurately. Although no attempt was made to select a random sample, the institutions were selected in part because of their diversity. It was assumed that costs and benefits provided might vary by size and nature of institution, as well as urban and rural location.

Those interviewed were asked to estimate, for each retired faculty requesting the benefit, how much it costs (or would cost) the institution annually to provide it. Interviews were conducted in person and by phone. Each person interviewed had access to a copy of the schedule. The institutions about which date were collected differed in size, level, mission, and location (urban, small town, rural). In order of size, they are:

* First, an inner city private liberal arts college on a very limited campus.
* Second, a private liberal arts college in a rural area near a small city.
* Third, a selective private liberal arts college on an urban campus.
* Fourth, a private comprehensive university in a large city.
* Fifth, a doctorate-granting university on a crowded urban campus.
* Sixth, a former state teachers college which has grown in size and programs to public doctorate-granting university status, located in a small city in a rural county.
* Seventh, a selective research and doctorate-granting university located near the urban center of a large city.
* Eighth, a public research and doctorate-granting university located in the urban center.
* Ninth, a public community college with a large inner city campus.

***Instrument***

An interview schedule was used, based on the literature regarding desirable benefits faculty identify and some institutions offer (Holden and Hansen 1989; Mauch et al.; in press; Mangan 1988; Blum 1988; Albert 1986).

Administrators were asked to respond with cost estimates by categories. Depending upon the time and interest of the person interviewed, items were further discussed where there seemed to be uncertainty. Persons interviewed were also encouraged to give open ended responses.

In addition, data were gathered by the staff of the National Academy of Sciences (NAS/NRC) in California at two public institutions of higher education, one research and doctorate-granting, and the other a two year college. Since the data were gathered by different persons, using a slightly different and earlier instrument (but with the same questions), the findings from these two institutions will be summarized separately.

## Findings

### *Comments On Specific Parts Or Questions Of The Interview Schedule*

**Part A.**

In this part, the administrators were given a list of 29 benefits which were assumed to cost little ($0-$24) or the incremental cost was insignificant. They were asked if they agreed that little cost was involved, and if not, to comment, with a dollar figure if possible. Most items were indeed viewed as having either little cost, or little incremental cost. The only exception noted several times: at three universities administrators saw the establishment of an association of retired faculty as involving more than minimal cost, although no one could estimate the total cost.

Individuals made informative comments on some of the items. At one university, there was a recognition that there is a cost to the provision of retirement information and counseling, but no specific figure was available. Comments from small institutions indicated that TIAA/CREF was relied upon for such information and counseling. At another university, there was recognition that it would cost from little to $200-300 per employee to provide retirement information and counseling, but the university would not provide it at the higher cost.

An interesting note was that at one unionized university, the collective bargaining agreement (CBA) did not permit retired faculty membership on departmental committees, Senate or faculty councils, nor did it permit retired faculty to teach.

Finally, there were comments that indicated that many of the benefits were provided to some faculty on an informal basis, often by precedent or tradition rather than by any written policy. These comments indicated or implied that benefits varied by departments, and the decisions were may be made by departments, and may be ad hoc in nature. This finding is consistent with the COHFE study (1989).

**Part B**

Benefits included here were assumed to be of medium cost ($25-500) to colleges. In this category there were six benefits: faculty club membership, use of campus recreational and social facilities, use of campus guest house; provision of a campus center for retired faculty, provision of full mailing privileges, and auditing of academic courses on campus. In each of the six, administrators were given a cost range to check.

Six of the nine institutions did not have faculty clubs. In two, there was little or no cost to running the club, and in one of these the small annual fee was paid by faculty, retired or not. In the third institution, the annual membership fee was in the $25-100 range, the fee substantially covered costs, and retired faculty could continue their membership at no annual fee.

Campus social and recreational facilities in all but one case were open for use by retired faculty, and this was judged to have little or no cost in five of the institutions. Three indicated an annual cost of $25-100 per faculty using the facilities. Where there was a cost it was in many cases paid by the user, depending on the event or facility. One institution had no campus recreational or social facilities, and no room to build them, thus no cost.

Only three institutions had college guest houses. Those that did saw little incremental cost to retired faculty use of them.

The assumption that providing a center for retired faculty belonged in the middle group of benefits turned out to be questionable, according to the responses. Four indicated that the provision would be expensive, at least $1,000 annually, and possibly much more. These four commented that this provision could be very costly, depending upon the circumstances. At a fifth institution, the similar comments were expressed, with the additional comment that the center could require a facility, thus adding substantial cost. The other four responses: one indicated that it would cost little, one lacked space for a center, one saw no need, and one felt that the question was not precise enough to enable an estimate.

At seven institutions, administrators saw little incremental cost to allowing retired faculty to audit academic courses. At two colleges a course audit charge was in the $101-500 range, but the fee was waived for faculty, retired or not.

The provision of full mailing privileges, which meant that in retirement a faculty member could request the privilege as enjoyed before retirement, engendered a variety of cost estimates. One estimate was that it would cost more than $500 annually, three estimates were $101-500, three were $25-100, and one estimate was that it would cost little or nothing. In one college no estimate was available.

Part C

Benefits were assumed to have the potential for high cost, over $500 annually. Thirteen benefits fell into this group. The results of the interviews lead to the conclusion that costs associated with two of the thirteen benefits might have been classified more appropriately with a middle level: preference for part-time teaching jobs, and access to a departmental telephone. The other eleven benefits seemed to fit the high cost classification.

*Receipt of Grants*

With respect to retired faculty receipt and administration of grants, contracts, awards and other funds for research and scholarly work, most administrators saw this as costing little or nothing based on their assumption that the institution would be reimbursed for expenses by the grantor. Those who saw a possible cost commented that their institutions seldom recover all the costs involved in the support of faculty working on a grant. The range of responses are indicated in Table 1.

*Use of Institutional Facilities for Unfunded Research*

Another question dealt with the provision of institutional facilities to pursue unfunded research and scholarly projects. Responses by instiution are found in Table 2. Administrators estimated costs in most cases, but two respondents commented that costs were too variable to estimate, and one said that the benefit could not be provided under present policy.

[TABLE 1 ABOUT HERE]

[TABLE 2 ABOUT HERE]

*Help With Grant Proposals*

Institutional support for writing grant proposals for submission to funding agencies is a benefit some faculty would like in retirement. Respondents' estimate of the costs involved are found in Table 3.

[TABLE 3 ABOUT HERE]

*Preference For Part-time Teaching Jobs*

We wanted to know if there was a perceived cost to giving preference to retired faculty for part-time teaching at their institution. This is different from simply allowing retired faculty to teach, which most saw as a good thing if it were a service provided by the retired faculty without added cost. Table 4 shows that administrators generally saw the preference as adding little cost. Of the two who did not estimate cost, one commented that the CBA prohibited hiring retired former faculty, and one saw a potential for substantial cost if such a benefit were offered because part-time faculty are relatively cheap to employ, while retired faculty expect pay that has some relation to their former salaries. Former faculty can also be expected find ways to use institutional resources while teaching part time.

*Scholarly Publications*

Assistance with the costs of producing scholarly publications is a benefit that has costs, according to all but one of the respondents. In the one case, it was not possible top pay for such costs. Table 5 shows institutional responses.

[TABLE 4 ABOUT HERE]

[TABLE 5 ABOUT HERE]

*Travel Costs to Professional Meetings*

Assistance with travel cost for presentations at professional meetings, is another benefit some retired faculty would like. Except for the one institution which made no provision for paying such costs, administrators estimated a costs as indicated in Table 6.

[TABLE 6 ABOUT HERE]

*Access to Computers, Lab Space, etc.*

Retired faculty access, as appropriate, to computers, laboratories, instruments, and supplies necessary to continue research and scholarly work is a benefit which might be desired by some faculty Respondents' estimate of costs varied, as indicated in Table 7. Comments on this benefit were related to the perception that AAU (Association of American Universities) research universities could absorb this benefit more readily than small colleges. The later, it was pointed out, would often have to make purchases to meet any demands of retired faculty.

[TABLE 7 ABOUT HERE]

*Access to Office Telephone*

Estimated cost of access to an office telephone fell in the ranges shown in Table 8. One respondent could not estimate the cost.

[TABLE 8 ABOUT HERE]

*Access to Secretarial Service*

Estimates of the cost of access to departmental secretarial service varied as indicated in Table 9. Clearly, from comments made, respondents made assumptions about secretarial compensation, the degree of sharing, and the inclusion of costs associated with the provision of secretarial services.

[TABLE 9 ABOUT HERE]

*Faculty Office Space*

The costs of providing shared office space engendered a number of comments. Two colleges simply had no space available for retired faculty. and no plans to change the situation. The remainder made estimates from $25 to $2500 a year, depending on the amount of space, the time of use, the length of use, and the degree of sharing of space (See Table 10).

Since office space is commonly in short supply, and is a benefit which is commonly assumed to be needed by faculty who will continue to teach, research and write at their institution, we asked administrators to estimate what it would cost to build or rent office space for faculty if they had to provide additional faculty office space. At six institutions, the estimates per square foot to build new office building on campus ranged from $80 in a small town to $125 in the city, land not included. Comments at two colleges were that they were so strapped for money and space that they would not build. In one case, there was no perceived need for additional office space.

[TABLE 10 ABOUT HERE]

Comments on the question of the cost renting office space off campus indicated that the cost of rental space was not known because there were no funds to rent space off campus. The annual costs we did get, from three universities, ranged from $8-10 per square foot in the small town to $12-25 in the city. One gets the impression that smaller and less affluent institutions tend not to rent facilities off-campus, and if they are forced to, do so for programs supported by soft money grants or contracts.

**Faculty Parking**

As one might expect, colleges with plenty of room have few parking problems, and they see no incremental cost to allowing retired faculty to park. Colleges on urban campuses with restricted space see things differently. One campus provides no faculty parking, and at another parking is so inadequate that employed faculty cannot find space. Both commented that there is no thought of providing it for retired faculty.

Of the remaining seven, three have the space and provide parking at little or no cost. Four city institutions did estimate a cost for providing parking at between $25-500 annually. Three of these commented that they recover costs by charging for parking. The charge ranges from $120 to $500 per annum (see Table 11). One clear issue for urban campuses was that parking was inadequate even for nonretired, and it would be difficult to provide on campus parking for retired when many employees are denied access.

[TABLE 11 ABOUT HERE]

Since faculty parking may be in critical demand, particularly in urban areas, we asked administrators what it would cost to build additional parking or to rent space off-campus. Judging by the estimates of the cost of provision of new spaces, additional parking spaces may not come soon. First, there are city campuses so restricted in space, and with such tight priorities about the use of space, that the provision of additional parking is very unlikely; judging from the comments received, this may be the case in over half of those we interviewed. Cost estimates for spaces, if colleges were to build them, range from $500 a space to pave a lot on campus in a rural area to $17,500 per parking space where one has to build a parking garage on purchased land in an urban area. Administrators in city institutions estimated that a parking structure will cost about $10,000-12,000 per parking space to build, not including any land cost.

Renting space off-campus, usually associated with center city campuses, is estimated to cost from $1000-1800 per year.

*Health Insurance*

Health insurance is an important issue to faculty about to retire. Interviews indicated that at retirement ages less than 65, faculty are dependent on their college health insurance; if they retire earlier than 65 they seek to continue to be covered. Over 65, most faculty receive Medicare but that coverage may be more limited than what they had. Also as one gets older health care costs rise, and so perhaps does the anxiety about who will pay for catastrophic illness, so faculty would like to supplement Medicare. Finally, from the interviews, it appears that faculty who are considering retirement may have dependent families, and that raises health insurance concerns and needs, and may shape retirement behavior.

The estimated cost of continuing faculty health insurance after retirement, by number of institutional responses is found in Table 12. In one case, the State pays the total cost as part of a group contract covering all state employees, and the cost was not known to the administrator.

Health care insurance is an important benefit, and its cost is rising rapidly, so we received more comments about that than other items. Those colleges that were able to provide estimates that were more precise than the above categories, indicate that the annual cost of health insurance for full time employees is about $3,300-4,900 per year (family option), and between $1,200 and $1,700 per year (individual). This cost is either shared or paid by the employer. No institution we talked with provides the same level of health insurance to retirees after age 65, but they offer a Medicare supplement, and the cost for that ranges from $276 to $840 per person, and from $720 to $1,700 for retired person and spouse. In some cases the college pays for this and in others the cost is shared, although in either case the retiree is a part of a group.

The term *group* brings up a common concern. Comments indicate that colleges are wary of adding an increasingly aged population to the policy group, because that is seen as leading to sharply higher premiums. As it is, some colleges lump all employees in their group because the non-faculty employees are significantly younger, thus bringing down the premium. Colleges are very careful to keep retired faculty out of their general health insurance group; they willingly pay the premium on a Medicare wrap-around policy for a separate group of retired faculty in order to avoid adding them to the group of presently employed. Of course, with uncapping, institutions will have no alternative but to add those who want to remain employed through their 70's and 80's, to the group, and the premiums are expected to rise.

[TABLE 12 ABOUT HERE]

*Life Insurance*

Preliminary information on the cost of life insurance for retirees follows a similar pattern. All respondents thought it was, or would be if provided, costly. One had no idea how much, and the others estimated it would be between $25 and $500 per year. That spread reflects more on the question than the r:sponse. For example, colleges would not normally provide the same level of life insurance after retirement as before; after retirement, faculty needs would be different and insurance costs much higher. Thus respondents do not know what such a policy would cost, or even if it could be provided.

Nevertheless, respondents' estimated the cost to continue life insurance as provided before retirement (see Table 13).

Respondents' comments indicated that the institution often ceases its contribution for life insurance at retirement, but individuals may continue in the group at their own expense, sometimes with no examination. In one case where the college does provide retired faculty with life insurance, there is a level premium of $120 per year and the benefit, starting at the amount of the annual salary of the faculty member, declines each year based on how much benefit the premium will buy at the age of the insured faculty.

As is the case of many such benefits, for some faculty life insurance would be so important that it may influence the decision to continue employment; for others it may have no influence on a retirement decision.

[TABLE 13 ABOUT HERE]

Additional Institutions

Dr. Crano, consultant to the NAS/NRC staff, interviewed persons at two institutions in California. Her information is consistent with tne findings from the nine institutions reported here.

The comments Dr. Crano received, while consistent with those receive from the nine institutions in this study, add texture to the conclusions. One comment for example, dealt with giving retired faculty preference for teaching. Allowing retired faculty to teach at one of the California universities was expensive--1/9 of their full-time salary to teach a course, and adjuncts could be hired for much less.

Another comment dealt with the possibility of help from the institution in establishing an association of retired faculty. One of the two California institutions responded that they would very much like to do so, but no cost was indicated; at the other, emeritus faculty have already started with a request of $4,000 worth of office space, support, and telephone access.

## Conclusions

Basic data useful for academic planning, particularly in preparing for uncapping, consists largely of information about faculty. Yet few institutions have either hard data bearing on the intentions and aspirations of faculty who may be thinking about retirement, or data on the costs those intentions may engender (COFHE, 1989).

Interviews with administrators in this study indicate that it is possible to gather cost estimates on faculty benefits and inducements, although administrators vary considerably in their ability to provide such information. To attempt unwarranted precision in either gathering or presenting the data would seem unwise.

One of the fears many faculty have about retirement is that they will be cut off from colleagues, students, and the rich intellectual environment of the institution. Avoiding this separation is what is wanted by many faculty (AAUP, 1988; Blum, 1988; Mangan, 1988). Information from this inquiry indicates that many of the benefits investigated cost very little indeed. Cost considerations would not be a highly credible reason for the alienation of faculty from their institutions.

Even in the middle level of benefits investigated, the expenditure of a few hundred dollars per year, per retired faculty requesting the benefit, would probably suffice.

At the high cost level, the expenditure would be in the thousands per year, but that would be expended on those who request the benefits, in all probability a small minority of retired faculty. In some cases the expenditure would bring a substantial return to the institution, and in others, the expenditure may be small compared with the alternatives available to the institution. Taken in the context of salaries and compensation of senior tenured professors at major institutions, the cost of providing substantial retirement benefits to meet institutional goals would not appear to be exorbitant.

In any case, at some universities, departments may already be providing substantial benefits. University departments vary in their practices with regard to retired faculty, according to our respondents. In some institutions, departments accrue a great deal of power and independence, and the benefits which they disburse to retired faculty are not generally discussed. Such benefits may be perceived by the department as having little cost, or costs are buried in the institutional budget, or the costs are not reported in any useful way to central administration. Thus, the availability of benefits to retired faculty may be very situation-dependent, and not known in any systematic way by the institution. Benefits which are dependent upon departmental action or inaction are not always the least costly. Among the institutions in this study, for example, it appears that where departments are powerful enough, and decisions decentralized, the access of retired faculty to offices, private telephones, secretaries, scarce indoor parking, laboratories, supplies, and equipment, may be decided de facto by the department or departmental faculty. In these cases the institution, unaware of the decisions, may also be unaware of the costs.

Even in decentralized universities, benefits which are available by publicly stated policies, and are specifically accounted for, tend to be known by central administrators. Examples would be the cost of pension contributions and the cost of health and life insurance.

It is expected that collective bargaining agreements (CBA) will have an effect on what may be offered faculty and the cost to the institution. For example, the CBA may not permit retired faculty to engage in part time teaching or hold Senate membership at the institution from which the faculty member retired. In the case of one institution, our contact explained that the agreement is silent on retired faculty serving in the role of dissertation committee chair, but the negotiated payment is so high that it is viewed as prohibitive. If faculty in CBA become more concerned about increasing their professional role in retirement, these agreements may have to change to reflect that concern.

Institutions which are a part of a state university system may find it difficult to ascertain costs. One respondent said that he did not know the cost per faculty member of life or health insurance: state employees were one big pool, insured centrally by the state, without specific allocation of costs to the institution. Institutions will vary with respect to how much they wish, or are able, to influence faculty retirement decisions when there is no longer legally enforceable mandatory retirement.

Retirement decisions are complex. From listening to comments during the study, certain factors emerge which seem to be associated with faculty retirement decisions. These factors seem to be consistent with the literature (Holden and Hansen, 1989; Lozier and Dooris, 1988-1989).

1. the type and level of institution;
2. the degree of commitment the faculty member has toward his or her research, teaching, and professional life;
3. the health of the faculty member;
4. the self-image of the faculty member, particularly with regard to productivity and departmental support;
5. the financial independence of the faculty member;
6. the nature and content of negotiations with the institution;
7. the presence or absence of a collective bargaining contract;
8. assumptions about inflation during retirement.

An interesting item was reported to us by several persons relating to size of the institution--smaller ones can be somewhat flexible and informal in negotiating with faculty, but they often do not have the resources or economy of scale to offer emeritus faculty as many benefits as can larger institutions. But cost is not seen as the only factor in such decisions. Examples are parking and office space. Some respondents indicate that there is simply not adequate provision for either, and no possibility to change the situation. One urban college campus provides no faculty parking now, and there is no money or space to provide it in the future, so cost questions were not seen as relevant.

Another institution is so financially strapped that any benefit that costs money is not viewed as part of reality. Benefits which faculty in wealthier institutions assume to be rights--access to office and phone, secretarial service, computer terminal or PC in the office or nearby--are not universally available at the smaller and less wealthy institutions. One suspects that these conditions are not so unusual in the universe of institutions, and that such colleges may pay so little, relative to others, that uncapping poses no perceived threat. Their problem is to attract and retain faculty, at any age, given their weak financial state.

Institutions vary in their perception of the importance of the coming uncapping, thus they vary in their view of the importance of this research. The issue of uncapping seems least important at community colleges and financially strapped colleges where teaching loads are heavy. It seems most important at research institutions and selective private colleges, where teaching loads are relatively light and faculty have more control over their professional lives, a view also found in the literature (AAUP 1987).

## Limitations

The interviews were conducted with administrators from nine institutions. The information is useful in helping to think through the issues, including the possibilities of doing a larger study, but one can hardly generalize to the total population of institutions of higher education.

Some respondents found it difficult to think about costs. They would verbalize thoughts such as, "we don't charge for this," or, "we provide this anyway" when asked for costs. Our interviews would indicate that college personnel often do not seem to know the cost of services where that cost is not specifically ascertained and charged to a person or an account. Even such an expensive and specific item as office space was in general not viewed in terms of its monetary cost. It may be of course that information was available and we asked the wrong person, or the wrong question, or the information was not for general distribution. On the other hand it may be that many of the services, as well as space, are perceived, and thus treated, either as free goods or not worth the time and effort it would take to account for them.

Some administrators found it difficult to think of an accurate answer to the question. Based on what one read into the question, costs per retired faculty per annum could run from little or nothing to thousands of dollars, and some respondents felt that any response would have the potential for inaccurate or misleading interpretation.

Otherwise, the schedule was well received. The common thread of criticism was that it was too long.

One respondent noted an important benefit absent from the interview schedule: tuition reimbursement for faculty dependents. In this college, the administrator said that several faculty appear to be delaying retirement until their dependent children finished college; the benefit was that important to them.

### Proposed Further Study

It appears that the AAU graduate and research universities will feel the effect of uncapping more than others. A more detailed investigation using the AAU population with respect to present policy, as well as changes which may be contemplated in light of uncapping, would be useful. The costs associated with such policies and possible changes may be an appropriate part of the study. Many of the AAU's are a part of a data exchange network; that could make the investigation more feasible and accurate. AAU institutions also commonly have institutional research offices that have experience in obtaining and providing cost data.

In addition, it would be useful to know if faculty do indeed contemplate changing their retirement behavior under conditions of uncapping. At some AAU institutions, the intentions of faculty with regard to retirement have been studied, but there is little generalizable information about retirement intentions of faculty working today. One important objective of the study would be to encourage colleges and universities to obtain specific information about their own institution as a basis for institutional planning.

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## LIST OF TABLES

### TABLE 1
### RECEIPT OF GRANTS

| Number of Institutions | Cost of Providing Benefits |
|---|---|
| 5 | Little or no cost |
| 0 | $25 - 100 |
| 1 | $101 - 500 |
| 2 | $501 - 1,500 |
| 1 | More than $1,500 |
| 0 | Other |

### TABLE 2
### USE OF INSTITUTIONAL FACILITIES FOR UNFUNDED RESEARCH

| Number of Institutions | Cost of Providing Benefits |
|---|---|
| 1 | Little or no cost |
| 1 | $25 - 500 |
| 1 | $501 -1,000 |
| 2 | $1,000 - 2,500 |
| 1 | More than $2,500 |
| 3 | Other |

**TABLE 3**
**HELP WITH GRANT PROPOSALS**

| Number of Institutions | Cost of Providing Benefits |
|---|---|
| 2 | Little or no cost |
| 1 | $25 - 500 |
| 4 | $501 - 1,000 |
| 0 | $1,000 - 2,500 |
| 2 | More than $2,500 |
| 0 | Other |

**TABLE 4**
**PREFERENCE FOR PART-TIME TEACHING JOBS**

| Number of Institutions | Cost of Providing Benefits |
|---|---|
| 6 | Little or no cost |
| 1 | $25 - 500 |
| 0 | $501 - 1,000 |
| 0 | $1,000 - 5,000 |
| 0 | More than $5,500 |
| 2 | Other |

**TABLE 5**
**SCHOLARLY PUBLICATIONS**

| Number of Institutions | Cost of Providing Benefits |
|---|---|
| 0 | Little or no cost |
| 2 | $25 - 500 |
| 3 | $501 - 1,000 |
| 3 | More than $1,000 |
| 1 | Other |

TABLE 6
TRAVEL COSTS TO PROFESSIONAL MEETINGS

| Number of Institutions | Cost of Providing Benefits |
|---|---|
| 0 | Little or no cost |
| 3 | $25 - 500 |
| 1 | $501 - 1,000 |
| 4 | More than $1,000 |
| 1 | Other |

TABLE 7
ACCESS TO COMPUTERS, LAB SPACE, ETC.

| Number of Institutions | Cost of Providing Benefits |
|---|---|
| 2 | Little or no cost |
| 0 | $25 - 500 |
| 2 | $501 - 1,000 |
| 1 | $1,001 - $2,500 |
| 4 | More than $2,500 |
| 0 | Other |

TABLE 8
ACCESS TO OFFICE TELEPHONE

| Number of Institutions | Cost of Providing Benefits |
|---|---|
| 1 | Little or no cost |
| 0 | $25 - 100 |
| 7 | $101 - 500 |
| 0 | More than $500 |
| 1 | Other |

**TABLE 9**
**ACCESS TO SECRETARIAL SERVICE**

| Number of Institutions | Cost of Providing Benefits |
|---|---|
| 2 | Little or no cost |
| 2 | $25 - 500 |
| 1 | $501 - 1,000 |
| 3 | $1,0001 - $2,500 |
| 1 | More than $2,500 |
| 0 | Other |

**TABLE 10**
**FACULTY OFFICE SPACE**

| Number of Institutions | Cost of Providing Benefits |
|---|---|
| 2 | Little or no cost |
| 3 | $25 - 500 |
| 1 | $501 - 1,000 |
| 1 | $1,000 - $2,500 |
| 2 | More than $2,500 |
| 0 | Other |

**TABLE 11**
**FACULTY PARKING**

| Number of Institutions | Cost of Providing Benefits |
|---|---|
| 3 | Little or no cost |
| 4 | $25 - 500 Annually |
| 0 | $501 - 1,000 |
| 0 | $1,001 - 1,5000 |
| 0 | More than $1,500 |
| 2 | Other |

TABLE 12
HEALTH INSURANCE

| Number of Institutions | Cost of Providing Benefits |
|---|---|
| 0 | Little or no cost |
| 0 | $25 - 500 |
| 0 | $501 - 1,000 |
| 2 | $1,001 - 1,500 |
| 6 | More than $1,500 |
| 1 | Other |

TABLE 13
LIFE INSURANCE

| Number of Institutions | Cost of Providing Benefits |
|---|---|
| 0 | Little or no cost |
| 3 | $25 - 500 |
| 4 | $501 - 1,000 |
| 0 | $1,001 - 1,500 |
| 1 | More than $1,500 |
| 1 | Other |