

**Human Resources Committee Memorandum**  
Board of Regents, State of Iowa

**Subject:** Annual Reports on Retirements -- FY 2004 and  
Faculty Resignations-- FY 2003

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**Date:** September 1, 2004

**Recommended Actions:**

Receive the Annual Reports on Retirements for FY 2004 and Faculty Resignations for FY 2003.

**Executive Summary:**

**Two reports combined** This report combines two former annual governance reports – retirement programs and faculty resignations. The retirements (phased, early and regular) reported are for FY 2004. Faculty resignations reported are for FY 2003.

**Phased Retirement** The Board first approved the Phased Retirement Program in 1982. The program was continued through June 30, 2007, by action of the Board in July 2001.

**Question from August meeting** During the discussion of an editorial revision to the Phased Retirement Policy in the Policy Manual at the August meeting, the Board asked that the institutions, in conjunction with the Human Resources Committee, perform a cost-benefit analysis of the phased retirement program to determine whether continuation of the program is appropriate.

All three universities support the continuation of this program. (There have been no phased retirement participants at the special schools.) Given that participation in the program is at the discretion of administrators at the institutions, it is utilized only when the best interests of the institution are met. With defined contribution retirement programs and no mandatory retirement age, the phased retirement program is an additional management tool to facilitate change. Participation rates have not changed significantly over the past few years. Three-fourths of the participants since 1991 have been faculty. The phased retirement program allows the universities reasonable time to train replacements, finish research projects, and transition patients at the hospital.

A survey conducted in 2000 by the American Association of University Professors examined institutions in all five Carnegie categories with 75 or more full-time faculty. At the time of the survey, 27% of the responding institutions had a phased retirement program in place. Of those programs, about 2/3 of the programs provided some special financial benefits.

There were 29 new participants in the program during FY 2004.

Through June 30, 2004, 606 faculty and staff have participated in the Phased Retirement Program with 95 currently active.

The Phased Retirement Program is described in Attachment A.

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**Early Retirement**

The Early Retirement Incentive Program (ERIP) expired on June 30, 2002. The Board allowed each institutional head to exercise discretion as to whether faculty and staff who were eligible for the program on June 30, 2002, had until June 30, 2004, to request participation. Each institutional head agreed to the extension.

The ERIP is described in Attachment B.

In FY 2004, 312 employees entered the ERIP.

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**Regular Retirements**

In addition to employees leaving the institutions through the ERIP, 237 faculty and staff left via regular retirement.

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**Faculty Resignations**

Overall, faculty resignations in FY 2003 decreased and is the lowest number of annual resignations since 1998. The average number of faculty resignations per year since 1998 is 143. There were 125 university faculty resignations in FY 2003, a decrease of 39 (-23.8%) from FY 2002.

- At the University of Iowa, the number of faculty resignations decreased from 73 in FY 2002 to 64 (-12.3%) in FY 2003.
  - The SUI tenure report for the same period indicates that there were 2,039 tenure/tenure track and clinical faculty at the University.
- At Iowa State University, the number of faculty resignations decreased from 58 in FY 2002 to 34 (-41.4%) in FY 2003.

- The ISU tenure report for the same period indicates that there were 1,355 tenure/tenure track faculty at the University.
- At the University of Northern Iowa, the number of faculty resignations decreased from 33 in FY 2002 to 27 (-18.2%) in FY 2003.
- The UNI tenure report for the same period indicates that there were 640 tenure/tenure track faculty at the University.

**Reasons for resigning**

The three primary reasons given by faculty at the time of resignation are as follows:

- Cited by 65 faculty members is the opportunity to advance their careers at other higher education institutions. This represents 52.0% of the respondents compared to 65.2% in the prior year.
- Cited by 32 faculty members is the opportunity to begin employment in government, business, or private practice. This represents 25.6% of the respondents compared to 17.7% in the previous year.
- Cited by 19 faculty members, is "personal factors," such as family needs. This represents 15.2% of the respondents compared to 14.6% in the previous year.

**Age Distribution**

As part of this annual governance report, the institutions report the age distribution of faculty and staff. Currently, 30.4% of faculty; 14.5% of P&S staff; and 20.1% of merit staff are age 55 or older.

**Analysis:**

**Phased Retirement**

New participants into the Phased Retirement Program during FY 2004 by employee category are as follows:

	Faculty	P&S	Merit	Total
SUI	6	11	0	17
ISU	8	1	0	9
UNI	3	0	0	3
TOTAL	17	12	0	29

**5-year comparison**

New participants over the past five years are as follows:

FY 2000	50
FY 2001	41
FY 2002	35
FY 2003	30
FY 2004	29

There have been no participants at the special schools in the past five years.

**Released funds**

The following table shows the financial impact of the phased retirement program at the universities for FY 2004.

“Incentive Amount” is the difference between the total compensation (salary and university fringe benefit contributions) under the Phased Retirement Program and the total compensation that would have been paid if the individual had reduced to the specified percentage of effort without the special provisions of the program. “Released Funds” is the difference between the total compensation received under the policy and the total compensation that would have been received if the individual had remained full time.

	Incentive Amounts	Released Funds
SUI	\$1,078,275	\$2,464,358
ISU	384,313	1,419,703
UNI	195,706	352,702

The released funds are used for replacement personnel or reallocation to other areas of need. The released funds are reduced by the costs attributable to salary and benefit increases each year.

**Early Retirement**

Since the beginning of the ERIP in 1986, 3,067 faculty and staff have chosen this retirement option. During FY 2004, 312 employees entered the program.

**ERIP Participants**

A breakdown of early retirees by category for FY 2004 is shown below:

	SUI	ISU	UNI	ISD	IBSSS	TOTAL
Faculty	16	34	10	1	0	61
P&S	74	30	8	0	0	112
Merit	80	43	16	0	0	139
TOTAL	170	107	34	1	0	312

**5-year comparison**

ERIP participation since FY 2000 is shown below:

FY 2000	218
FY 2001	254
FY 2002	297
FY 2003	146
FY 2004	312

**Future liability and funds available for reallocation**

The following table shows the future liability and estimated funds available for reallocation during the period the retirees are in the program. A retiree can be in the program from one to eight years dependent upon age.

	FY 2004 Participants	Future Benefit Liability for Retirees	Estimated Funds Available for Reallocation
SUI	170	\$8,136,989	\$2,970,191
ISU	107	4,589,464	5,260,181
UNI	34	1,574,330	3,539,234
ISD	1	61,735	(44,558)
IBSSS	0	-	-
<b>TOTAL</b>	<b>312</b>	<b>\$14,362,518</b>	<b>\$11,725,048</b>

As noted above the funds available for reallocation is the total estimated available over the period of time retirees are in the program. Average length of participation is 4.33 years at SUI; 3.8 years at ISU; and 4.5 years at UNI. For example, with an average length of program of participation of 4.5 years at UNI, the estimated available funds for reallocation per year would be \$786,496.

**Some positions eliminated**

Savings result when employees who elect early retirement are either not replaced or replaced at lower salaries. Of the 312 employees who chose early retirement in FY 2004, 207 were replaced at lower salaries; 38 were not replaced; 16 were replaced at higher salaries; and 8 were replaced at the same salary. Of the remaining 43 positions, searches are either underway or the decision to fill the position has not been made.

ISU noted that the majority of the position eliminations resulted from consecutive years of budget reductions.

**Regular Retirements**

In addition to early retirements, faculty and staff left the institutions through regular retirement.

	Faculty	P&S	Merit	Total
SUI	46	47	57	150
ISU	32	15	25	72
UNI	6	2	5	13
ISD	0	0	2	2
IBSSS	0	0	0	0
	84	64	89	237

**5-year comparison**

As a comparison, there were 197 regular retirements in FY 2003; 136 in FY 2002; 160 regular retirements in FY 2001; and 166 in FY 2000.

**Age Distribution**

Current age distributions of the faculty and staff at the three universities are shown below:

	Percent Age 50 and Over	Percent Age 55 and Over	Percent Age 65 and Over
Faculty	50.1%	31.3%	6.0%
P&S	31.6%	15.3%	0.8%
Merit	40.3%	21.2%	2.0%

Current faculty age distributions show that the three universities have 1.6% of faculty age 70 and above.

**Resignations by Rank**

The numbers of faculty resignations by rank in the past three years are shown below:

	Professor			Associate Professor			Assistant Professor		
	FY 2001	FY 2002	FY 2003	FY 2001	FY 2002	FY 2003	FY 2001	FY 2002	FY 2003
SUI	21	14	10	18	25	18	28	34	36
ISU	11	16	9	9	12	6	35	30	19
UNI	3	1	0	8	2	4	14	23	12
Total	35	31	19	35	39	28	77	87	67

Not shown in the above table are instructors at UNI – 11 in FY 2001; FY in FY 2002; and 11 in FY 2003 who resigned.

**Resignations by Tenure Status** The table below shows the resignations of tenure/tenure track faculty for the past three years.

	Tenured/Tenure-Track			Clinical Track		
	FY 2001	FY 2002	FY 2003	FY 2001	FY 2002	FY 2003
<b>SUI</b>	53	51	46	14	22	18
<b>ISU</b>	55	58	34			
<b>UNI</b>	36	33	27			
<b>Total</b>	144	142	107	14	22	18

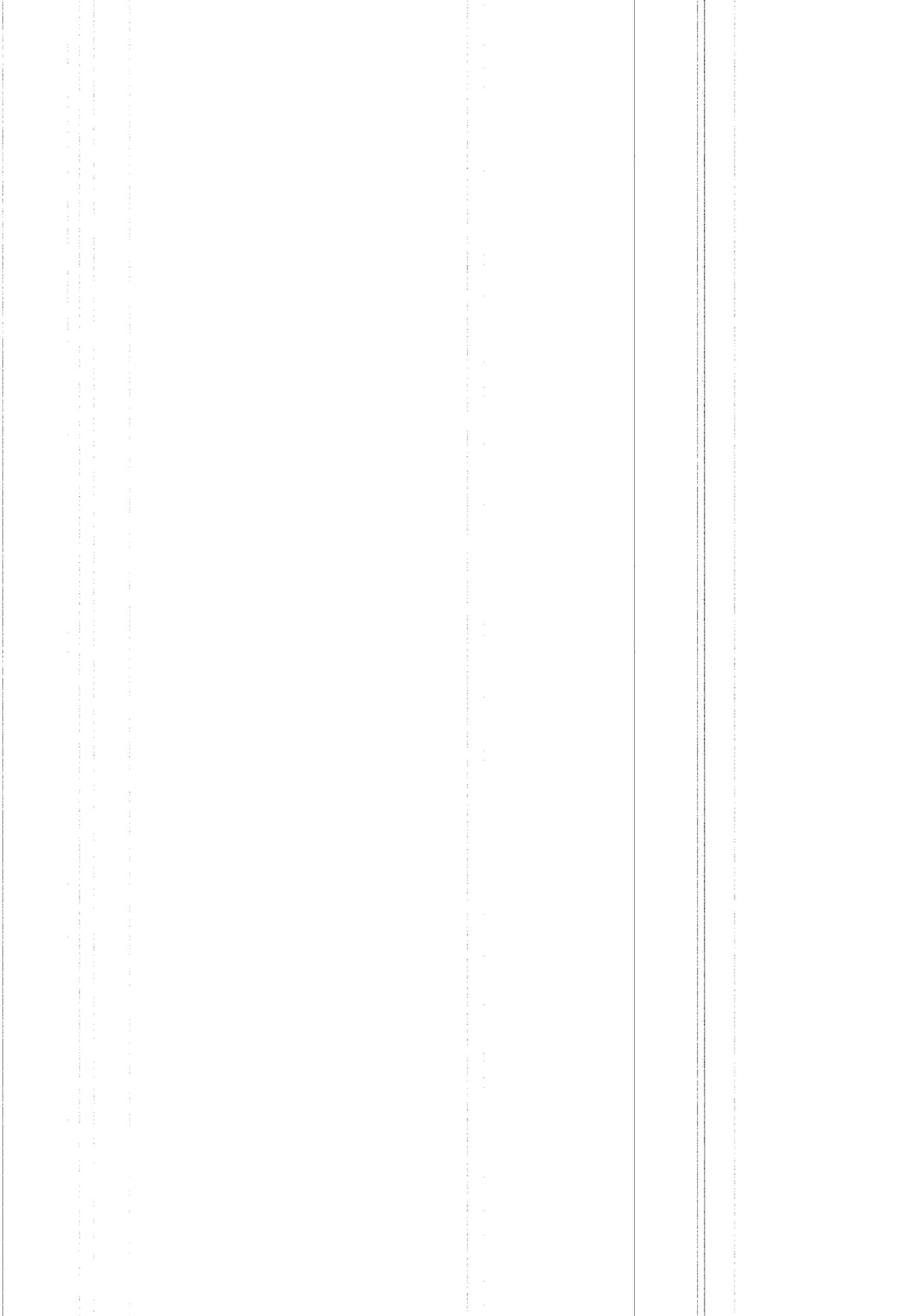
**Resignations by Gender** The table below shows the resignations by gender for the past three years.

	Male			Female		
	FY 2001	FY 2002	FY 2003	FY 2001	FY 2002	FY 2003
<b>SUI</b>	46	48	37	21	25	27
<b>ISU</b>	34	35	25	21	23	9
<b>UNI</b>	15	17	17	21	16	10
<b>Total</b>	95	100	79	63	64	46

**Resignations by Race and Ethnicity** The table below shows the resignations by race/ethnicity.

	Minority			Non-Minority		
	FY 2001	FY 2002	FY 2003	FY 2001	FY 2002	FY 2003
<b>SUI</b>	16	11	10	51	62	54
<b>ISU</b>	10	9	10	45	49	24
<b>UNI</b>	4	8	4	32	25	23
<b>Total</b>	30	28	24	128	136	101

**Resignations by College** Resignations by individual colleges at each university are shown on Attachment C.



## Phased Retirement Policy

Eligibility: Faculty of Regent universities and the special schools and professional and scientific staff of the Regent institutions and Board Office who have attained the age of 57 with at least 15 years of service with the Board of Regents are eligible for participation in the phased retirement program. Merit system employees who have attained age 60 and have at least 20 years of service with the Board of Regents are eligible for participation.

Approval: At various levels within the institution. No right to enter a phased retirement agreement without approval by all officials as designated by the institutions is conferred by this policy. The Board of Regents will ratify entries into the phased retirement program as a part of the monthly Register of Personnel Changes.

Schedule of Phasing: A staff member may reduce from full-time to no less than a half-time appointment either directly or via a stepped schedule. At no time during the phasing period may an employee hold greater than a 65 percent appointment. The maximum phasing period will be five years with full retirement required at the end of the specified phasing period. Once phased retirement is initiated, employees may not return to full-time appointment.

Compensation: During the first four years of the phasing period, the salary received will reflect the reduced responsibilities plus an additional 10 percent of the budgeted salary, had the person worked full time. In the fifth year following the initiation of phased retirement, the staff member's appointment will be no greater than fifty percent, and the salary will be proportional to the budgeted salary had the person worked full-time.

Benefits: During the first four years of the phasing period, institution and staff member contributions will continue for life insurance, health insurance, and disability insurance at the same levels which would have prevailed had the staff member continued at a full-time appointment. Retirement contributions to TIAA/CREF will be based on the salary which would have obtained had the individual continued a full-time appointment. As mandated by law, FICA contributions will be based on the staff member's actual salary during the partial or pre-retirement period. The same is true for retirement contributions for those participating in the Iowa Public Employees Retirement System or Federal Civil Service System. Accrual of vacation and sick leave will be based on percentage of appointment.

Duration of Program: Subject to annual review, the program will expire on June 30, 2007, unless renewed by the Board prior to expiration.

## Early Retirement Incentives Program

Eligibility: Faculty, professional and scientific and merit system staff members employed by the Board of Regents, who have attained the age of 57 and have 15 years of service with the Board of Regents are eligible for participation in the Retirement Incentives Program.

Approval: All requests for admission to the retirement incentives program must receive approval from the appropriate administrative offices of the institution by which they are employed. The program does not create a right for the employee and the request to enter the program may not be approved if it is not in the best interest of the institution.

### Incentives:

Life Insurance - A paid-up life insurance policy of \$2,000 to \$4,000 equal to what the individual would have received if he/she had retired at the age of 65.

Retirement - The employer will pay the employer's and the employee's retirement contribution for three years and the employer's contribution only for another two years or until the participant is eligible for full Social Security benefits, whichever is first. The benefit is payable for a maximum of 5 years.

Health and Dental Insurance - The employer will pay its standard share for health and dental insurance until the employee is eligible for Medicare benefits. This contribution shall be equal to the amount contributed for an active employee in the same plan.

Alternative Plan Method: If the employer agrees, upon request from the participant, the employer's contributions for any of the benefit programs may be paid in lump sum equal to the present value of the benefit cost. The interest rate used in the calculation of the present value shall be determined annually by the Board.

Duration of Program: Subject to annual review, the program expired on June 30, 2002. Employees meeting eligibility as of June 30, 2002, may apply to participate through June 30, 2004.

Miscellaneous Information: Employees participating in the phased retirement program may transfer into the retirement incentives program with approval of the appropriate administrative offices of the institution for which they are employed. Eligibility for benefits will be reduced by one month for each month of participation in phased retirement.

**Resignations by College  
FY 2001 to FY 2003**

**University of Iowa**

<b>College</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
Business Administration	7	4	4
Dentistry	0	3	4
Education	4	3	0
Engineering	6	1	0
Graduate	1	0	1
Law	1	2	1
Liberal Arts and Sciences	16	25	18
Medicine	26	31	31
Nursing	0	1	0
Pharmacy	4	1	2
Public Health	2	2	3
<b>Total</b>	<b>67</b>	<b>73</b>	<b>64</b>

**Iowa State University**

<b>College</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
Agriculture	5	5	5
Business	3	3	2
Design	5	3	1
Education	5	6	2
Engineering	6	11	3
Family and Consumer Science	2	3	3
Liberal Arts and Sciences	26	23	16
Library	1	1	0
Veterinary Medicine	2	3	2
<b>Total</b>	<b>55</b>	<b>58</b>	<b>34</b>

**University of Northern Iowa**

<b>College</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>
Business Administration	5	2	4
Education	10	9	12
Humanities and Fine Arts	8	4	4
Natural Sciences	4	6	4
Social and Behavioral Sciences	8	10	3
Library	1	2	0
<b>Total</b>	<b>36</b>	<b>33</b>	<b>27</b>