

Contact: Thomas Evans

EARLY RETIREMENT INCENTIVE PROGRAMS

Actions Requested: Consider approval of the proposed Early Retirement Incentive Program (ERIP) for the University of Northern Iowa; and direct the University of Northern Iowa to submit a report regarding their Early Retirement Incentive Program at the August 2012 Board meeting.

Executive Summary:

An Early Retirement Incentive Program (ERIP) was first approved by the Board in 1986 for faculty and professional and scientific staff to comply with legislation enacted by the General Assembly. Eligibility for participation in the program was extended to staff of the Regent Merit System effective July 1, 1990. The original program was set to expire on June 30, 1991. In order that the institutions and the Board Office could properly evaluate the use, costs, and the benefits of the program and determine what effect, if any, changes in the Older Workers Benefit Protection Act had on the program, the Board approved a one-year extension of the original program through June 30, 1992. After review and evaluation by the Board Office and the institutions, the Board approved a modified program for a five-year period beginning July 1, 1992. The modified program changed the eligibility from a minimum age 57 and a maximum age of 63 with ten years of service to age 57 with 15 years of service. Changes were also made reducing the level of benefits provided under the program. In June 1996, the Board continued the program without change through June 30, 2002.

In July 2001, the Board voted to discontinue the ERIP on June 30, 2002, but allowed participation for an additional two years for faculty and staff who met the eligibility on June 30, 2002. At that time, the institutions and Board Office were directed to develop principles for any future early retirement/separation programs for presentation to the Board in November 2001. The following principles were approved in November 2001.

1. Comply with governing law;
2. Be designed as a voluntary window incentive program requiring administrative approval and be distinguished from other retirement programs;
3. Be independently designed to allow each institution flexibility to meet its strategic goals and human resource needs;
4. Be advantageous to each institution's programmatic, economic, and human resource perspective;
5. Offer economic benefits to employee participants;
6. Be evaluated periodically to assure that the program accomplishes its intended objective.

In March of 2002, the Board of Regents received a report from the Board Office and the institutions on Early Retirement Incentive Programs which concluded that no new early retirement programs were needed at that time. The report went on to state that new programs could be proposed when needed to meet institutional needs. The report also suggested that new early retirement/separation programs might include limited time availability programs (window programs) that targeted a limited number of staff, categories of employment, and certain operating units and departments. Future plans were to be individualized per institutional needs.

In 2009 the University of Northern Iowa requested approval for an ERIP and the program was implemented.

The proposed 2012 Early Retirement Incentive Programs (ERIP) for the University of Northern Iowa, which is captioned as an Early Separation Incentive Program (ESIP), will be used as a tool to shape, redirect, and focus the faculty work force.

The proposed ESIP of the University of Northern Iowa is set forth in Appendix A.

Appendix A

University of Northern Iowa
Proposed 2012 Early Separation Incentive Program

The proposed ESIP does not create a right for the employee. The request to participate in the program may not be approved if it is deemed not in the best interest of the University of Northern Iowa. Each application will be reviewed on an individual basis and will be subject to the approval of the Executive Vice President and Provost. Acceptance of the application shall be considered as a voluntary resignation effective on the date cited by the applicant on the application form.

The proposed program is a one-time program in which eligible employees have a defined 'window' period for application.

1. **Proposed Benefits:**

- (a) Payment of accrued sick leave, not to exceed \$2,000, for those who are either resigning or retiring. For those who meet the requirements to elect retirement, having attained age 55 and applying to begin at least minimum retirement benefits, this payment is made pursuant to IA Code 70.23.
- (b) Payment of one (1) year of salary based upon employee's appointment salary on the date of retirement or resignation.
- (c) Cash payment equal to the value of eighteen (18) months of COBRA premium for health and dental insurance based upon their coverage contract as of March 6, 2012.

2. **Eligibility** – Faculty members who hold a tenured appointment as of March 6, 2012 in a program area finally identified for closure and/or restructuring by the University.

Individuals who are in their final year of phased retirement are not eligible to participate in this plan.

3. **Application Requirements:**

- (a) Employees who meet the eligibility requirement must apply for the ESIP by April 23, 2012. No applications will be accepted after April 23, 2012. The decision to request such a benefit is voluntary and initiated by the employee. Employees who elect to participate will be provided seven (7) days to revoke their election.

4. **Commencement of Early Retirement:**

- (a) Employees must fully resign or retire no later than June 29, 2012.

5. **Re-employment:**

- (a) Re-employment into a benefits eligible position is not permitted.

6. **Backfill of Vacated Positions**

- (a) Restricted based upon need.

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