

Contact: Thomas Evans

REPORT OF EARLY RETIREMENT PROGRAMS

Action Requested: Receive the report

Executive Summary: In March and April of last year, the Board approved early retirement programs for the University of Iowa, Iowa State University, University of Northern Iowa and the Iowa Braille and Sight Saving School. Summaries of the programs provided to the Board in April are shown on the following page.

Since the initial programs were approved, the Board approved a second early retirement program for ISU. In Agenda Item 14b, the Board is asked to consider a second program for the University of Iowa.

The following table outlines the number of participants in the programs for SUI, ISU and UNI. IBSSS had two participants – one faculty and one merit; neither will be replaced.

RESULTS OF FY 2010 EARLY RETIREMENT PROGRAMS						
	SUI		ISU		UNI*	
	Participants	Not Replaced	Participants	Not Replaced	Participants	Not Replaced
Faculty	18	3	15	11	19	11
P&S	113	45	97	62	27	16
SEIU	24	6	n/a	n/a	n/a	n/a
Merit	155	80	86	40	58	20
Merit Supervisory	30	15	8	5	13	4
Total Participants	340	149	206	118	117	51

The University of Iowa estimates if the 340 participants had remained employed for the five years of the program the cost of salary and benefits would have been \$150.4 million and the costs for the incentives including projected salary/benefits for replacements would be \$83.1 million. The estimated savings over the five years of the program would be \$67.4 million. Increases in salary and benefit costs benefits are calculated into the estimated cost for replacements. Costs and savings include all funds.

Iowa State University reports that the estimated cost of the program incentives for the five-year period excluding the cost of replacements for the 206 participants would be \$7.2 million. The total projected savings for the period would be \$49.7 million resulting in a net savings of \$42.5 million. No increases in salary or in the cost of benefits are calculated into the estimated cost. Costs and savings include all funds.

The University of Northern Iowa reports the estimated cost for continued employment of the 117 participants for the five-year period would be \$43.2 million and the costs of incentives including projected salary/benefits for replacements would be \$26.3 million. The estimated savings over the five years of the program would be \$16.9 million. No increases in salary or in the cost of benefits are calculated into the estimated cost for replacements. Costs and savings include all funds.

Iowa Braille School costs for the five years are estimated to be \$130,401 and projected savings of \$719,720. As indicated above, IBSSS had two participants; and neither will be replaced.

Incentives Offered										
Eligibility	Window	Retirement contribution	Health/Dental	Other Incentives	Re-employment	# of Eligible Employees	Projected # of Participants	Cost of Incentives	Projected Savings	Other assumptions
SUI	57 by 7/1/09 Apply between 7/1 to 9/30/09 later than 6/30/10**	EE/ER contribution for 3 years; ER for 2 years	5 years based on current contribution Medicare retiree rates will apply once Medicare eligibility is reached		No re-employment during ERIP period; after in exceptional circumstances	2,833	Gen. Ed. Funds -- 35	Year 1 -- Gen. Ed. Funds -- \$410,000; Other funds -- \$2.2 million	Year 1: Gen. Ed. Funds -- \$1.6 million Other funds -- \$4.2 million	Backfilling of 50% of the approved participants at 75% of current salary
UNI	70 or more by retirement date but no later than 12/31/09 Apply by 7/31/09 Must retire not later than 12/31/09	ER contribution for 5 years	5 years based on current contribution rates (one single contract plus an additional single for spouse or domestic partner). Medicare retiree rates will apply once Medicare eligibility is reached	Participants may elect to receive a lump sum cash payment equal to the net present value of the health and dental insurance contributions in lieu of continuing the University's health and dental plans.	No re-employment during ERIP period; after in exceptional circumstances	434	80	5 yr - health dental cost -- \$5.6 million 5 yr. -- 10% TIAA-CREF -- \$2.6 million	1 st year -- \$3.6 million	Filling 1/3 of positions in year 2
IBSSS	57 by 3/30/09; 15 years of service 5/1/09 to 6/1/09; Must Retire between 7/1/09 and 7/31/09		5 years based on current contribution. Medicare retiree rates will apply once Medicare eligibility is reached	30% of annual salary	No re-employment during ERIP period; after in exceptional circumstances	4	4	1st year -- \$58,456 (30% salary incentive) health/dental -- \$197,495 for 5 years	\$755,440 for 5 years	
ISU (approved by BOR in March)	60 with 10 years of service Apply by 6/30/09; must retire not later than 1/31/10		5 years financial commitment based on medical plan employee enrolled in at time of RIO approval. Medicare retiree rates will apply once Medicare eligibility is reached		Considered based on departmental need and approval for temporary or contract basis with no benefits other than required by law.	850	85		\$7.2 million/year	
* Participation in the ERIP is not an entitlement; requests will be evaluated and approved at various levels throughout the institution.										
**At the request of the university, the Board approved an extension of the retire-by date to July 16, 2010, in September 2009.										