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New Pension and Retirement Models

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The National Center for the Study of Collective Bargaining in Higher
Education and the Professions (NCSCBHEP)

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New Pension and Retirement Models

1:45 - 3:45 PM Room 14-269 2 hours

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My name is Sharon Domier; I am the East Asian Studies Librarian at the University of Massachusetts-Amherst and currently serve as one of the bargaining team members for the Massachusetts Society of Professors. The University of Massachusetts is comprised of five campuses: Amherst, Boston, Dartmouth, Lowell, and Worcester. The Massachusetts Society of Professors at UMass-Amherst and the Faculty Staff Union at UMass-Boston have bargained together since 1976. The MSP/FSU bargaining team represents over 2200 faculty and librarians, including part-time contract faculty.

Like many state universities, UMass Amherst has seen periods of rapid growth; the number of tenure-track faculty increased from 366 to 1157 by 1970 during its push to

become a major research university in the 1960s. Bad budget years in the '70s slowed down growth, but by 1990 there were over 1300 tenure-track faculty. Since then, at least two state-sponsored early retirement incentive programs enticed enough faculty to retire that, by 1995, there were only 1063; in 2004 there were only 865 tenure-track faculty. The loss of experienced faculty in the classroom and supervising graduate work was staggering; in 2004, contingent faculty taught 40% of the courses.

The University has made a commitment to increase the number of tenure-stream faculty by 250, but has not been able to keep the pace required to interview and hire so many people in a short time frame. The Massachusetts Society of Professors has been very vocal in its efforts to ensure that not only the 250 new faculty promised by the Chancellor are hired, but that other departures are also replaced. At the same time, the union believes that it is essential to plan not only for recruitment, but also for retention and retirement. Losing so much institutional memory and such a wealth of knowledge over short periods of time is not healthy for any organization. It makes much more sense to have an ongoing retirement program that allows for long term planning.

With the end of mandatory retirement, neither the administration nor the bargaining unit members at the University of Massachusetts-Amherst have a clear way of raising retirement concerns. The contract makes almost no mention of retirement, other than a longevity bonus available at retirement. The Academic Personnel Policy Handbook "Red Book" has only one sentence about the last possible date to give notice for retirement/leaving (being May 15th). There is no mention about post-retirement employment in either the contract, the Red Book, or on any of the university's webpages. There is very little public information provided by the Human Resources website, other than links to the state retirement system or optional retirement programs and the contact information for the Benefits staff. Occasionally, optional retirement program reps come to campus to provide counseling. As a result,

how individual faculty decide to retire, and whom they consult with in preparation, is entirely arbitrary and somewhat mysterious.

In preparation for a new round of bargaining in the fall of 2006, the MSP union conducted a survey of its members to assess their bargaining priorities. One priority (after getting a contract signed in a timely fashion and a reasonable cost of living increase) was a phased retirement program. The last early retirement buyout was in 2002, and there is now another group of faculty and librarians reaching an age where they would like to slow down but are not quite ready to retire.

I was assigned the task of researching the topic and gathering together as much information as I could about state retirement plans and benefits, university regulations regarding employment, and plans in existence at other institutions. From my initial research, it seemed clear that many other state universities shared our situation: the opportunities and restrictions regarding phased retirement and post-retirement employment differed considerably between individuals enrolled in a defined benefit plan (state) and those with a defined contribution plan (ORP). Nonetheless, many similar institutions had long-standing phased retirement programs clearly advantageous to both institution and individual.

The MSP then sponsored a forum to discuss faculty and librarians' goals for phased retirement. I summarized my research and suggested that UMass would be equally well-served to have two options: phased retirement, which would be most beneficial to people enrolled in the optional retirement program; and post-retirement employment, which would be most beneficial to those in the state retirement program. As I outlined the limitations imposed by the state retirement plan, it became fairly clear that many senior faculty and librarians hadn't done much research into their retirement options. I believe that Prof. Conley's research reflects that our situation isn't unique.

Predictably, concerns and interests were wide-ranging. Some faculty were bitter that their colleagues at neighboring private liberal arts colleges had long-standing, generous phased retirement packages. They expected a retirement incentive for setting a retirement date (as is the case in many if not most phased retirement programs). Our proposal of 60% pay for 50% time was the least that they wanted in exchange for setting a retirement date. They wanted to keep their offices and labs, offload administrative responsibilities, and decrease their teaching load.

Others had weathered many years of difficult budgets and staff shortages, and just wanted the opportunity to negotiate a post-retirement employment contract allowing them to retire and continue to do some of whatever they enjoyed the most. Benefits they wanted most out of a post-retirement employment contract included: an office/lab if possible (this was highest on the list), continued access to student records (for writing letters of recommendation), and a process for negotiating post-retirement employment contracts.

The University of Massachusetts is a state university. The default retirement program is the state retirement program, which is a defined benefit program. It uses the usual combination of age, years of service, and average three highest years of salary to calculate pension. State employees max out at 80% (or 60% if they elect to provide coverage for a spouse after death). Until 1994, all state employees were in the state retirement system, when the legislation was amended to give faculty and higher administration the option to choose an optional retirement program. Unfortunately, whoever proposed the amendment forgot to include the term “and librarians,” so in spite of the fact that librarians and faculty are in the same union at UMass-Amherst and -Boston, we do not have equal access to the optional retirement program (SERS – state employees retirement system).

Given the interest in both proposals among many of the senior faculty and librarians, we discussed the issue with our Boston counterparts. Initially, they were hesitant to

agree to the proposal being put on the table, because of potential conflicts with their part-time contract faculty over rights to teach courses. As an urban university, UMass-Boston has a long history of hiring part-time contract faculty, and it took many years and many contracts to achieve union representation, rights and benefits for them; the lecturer representative didn't want to jeopardize those gains. UMass-Amherst agreed to put it on the table as a local issue. Certainly, we too need to carefully balance the needs of our current bargaining unit members (not only those wishing to decrease their workloads, but also those wishing to *increase* their workloads – i.e. contract faculty, and those tenure-stream faculty shouldering the load of service and administration.

We came to the table with a two-pronged proposal that tried to address the differing needs of faculty and librarians in both retirement systems. The first called for a phased retirement package that allowed a faculty member (or librarian) to continue as a tenured faculty member with all its usual rights and privileges, but to decrease duties to a minimum of 50% (in order to keep full benefits), with a slightly higher salary than the pro-rated amount. Given the difference in salary between a phasing-into-retirement faculty member and a newly hired junior colleague, the additional amount spent on benefits should be worth the value of overlap. The second was for a post-retirement employment system that would give the retiree an opportunity to earn up to a maximum amount that, combined with his pension, wouldn't exceed his previous full-time salary. The university would thus be able to retain the talents of a senior scholar and have the salary and benefit savings necessary for hiring a new faculty member.

There were many issues at the 2006-07 bargaining table; because the phased retirement proposal involved a great deal of complexity, in understanding retirement laws and state restrictions, on the final day of negotiations the labor side proposed setting up a joint labor-management committee to explore phased retirement models. This joint committee would keep the idea alive and give us the opportunity to

get the kinds of details we need from the Provost's office, to build a solid case and negotiate a policy and procedure during the next round of bargaining.

The joint exploration has been very helpful for a number of reasons. We have been able to confirm some of our assumptions. For example, in spite of earlier assertions by the administration that a phased retirement program wouldn't be needed for a long time, it turns out that, since 2002, 67% have chosen the Optional Retirement Program; of the 647 current faculty in the ORP, 29% are fifty years or older. This number is much higher than we suspected, giving credence to our belief in the necessity of the proposal.

During our earlier negotiations, the administration told us that a post-retirement employment system is in place – even if not advertised or documented – and works well. During the joint committee meetings we were able to get details about the current situation. From 7/1/04 to 8/31/07, 87 MSP (union members) had retired, and of that, 32 (37%) received some form of post-retirement employment contract. Looking at the data from a slightly different angle, during the same period 115 former unit members were employed in post-retirement employment contracts; 58 had been retired for more than 5 years, and one for 31 years. The salary amounts and percentages assigned to the various contracts varied widely.

Just as importantly, the time spent in local discussions on the Amherst campus has given our Boston counterparts an opportunity to discuss the issue; they now seem very interested as well. This will allow us to present a unified front at the bargaining table, which is good for everyone.

The time spent waiting for lists to be run and statistics compiled has also given us further opportunities to meet with senior faculty and look together at examples of phased retirement programs and post-retirement employment contracts at other institutions. We have found a number of issues that need to be considered. Most

phased retirement programs offer an incentive in exchange for setting an irrevocable retirement date. Given the market fluctuations for optional retirement program faculty, setting an irrevocable retirement date and decreasing one's income can be a very frightening matter. Is the extra money enough incentive? Furthermore, our institution does not have a practice of tenure-track/tenured faculty being anything less than full-time (except for very brief periods). There seems to be no reason to deny a reduction in time – but it can be more expensive to the institution to have several of these benefited part-time faculty. It is possible that the issue should be taken up by the Work-Life committee, since often it is women as caregivers who need to decrease their workloads and face retiring earlier than they would like because of this.

What kinds of duties are appropriate to a tenured faculty member coming back on a post-retirement employment contract and how do they differ from someone who is a contract faculty member? Do they receive a percentage of their former salary or should there be strict per-course rate set? Who should get a say on their contracts?

Another issue relates to the way we count tenure-stream faculty and non-tenure-stream faculty. Our university counts faculty on post-retirement employment contracts in the “other” category, along with deans who teach occasional courses. But is this an accurate reflection of the work that post-retirement faculty do and their contribution to the university? Most teach, but they also serve on graduate committees, advise students, manage labs and continue their research. Much of the contact with students, through advising, writing recommendations, and directed studies goes unnoticed and unrewarded.

At UMass-Amherst, the union and administration remain divided on whether the retirees who have post-retirement employment contracts should be considered bargaining unit members or not. There are always two sides to every issue and this is one that will need to be resolved as some point. It was only in the 2004 contract

that the union won the right to include part-time contract faculty in the bargaining unit-- retired faculty working on post-retirement contracts were never considered.

I hope that we will be able to continue this conversation both on campus with the senior faculty and with administration across the bargaining table. It is time for the senior faculty to see clearly how they fit in and are valued by the university.

Negotiating retirement programs, whether phasing into retirement or phasing out of employment, is a service that the union should provide to its members, and a benefit that the university should offer its employees.