

**18-20 RETENTION INCENTIVE AND  
BASE BUDGET REALLOCATION PLANS**  
School of Education  
Passed by Policy Council on April 28, 1999

Indiana University operates two early retirement plans for Academic and Administrative staff. Employees hired in 1988 or earlier fall under the 18-20 Plan; those hired after 1988 are covered by the Indiana University Supplemental Early Retirement Plan (IUSERP). In late 1997, the Indiana University Board of Trustees appointed a university-wide committee to analyze future costs of these programs and develop recommendations for financing these costs.

*I. Purposes and conditions of 18-20 Retention Incentive Plan*

The Retention Incentive Plan seeks to lower 18-20 Plan costs by converting 18-20 Plan payments into salary and research/professional expenditures that are paid by the College and Schools. Under the Retention Incentive Plan, the College and Schools identify "highly productive employees who would otherwise terminate and begin receiving 18-20 Plan payments" (Report, p. 6). In return for agreeing to remain at the University and forego receiving 18-20 benefits:

- A. The 18-20 Plan will pay these individuals 20% of their base salary as supplemental pay during each year they continue employment from ages 65-70. The supplemental pay begins in the year in which the individual becomes 65; no supplemental pay is available in the year in which the individual becomes 64. In addition, "if the supplemental pay is to continue beyond the original term of the 18-20 benefit period, the cost will be supported by the department" (Report, p. 4).
- B. The College and Schools will continue to pay the salary and benefits costs of these individuals. These employees will participate in annual faculty performance reviews and will remain eligible for salary increases and benefit package changes, if any.
- C. The College and Schools will grant each retained employee a one-time \$5,000 research/professional development account at age 64.

The Committee Report estimates that "approximately 40% of the 18-20 Plan eligible pool would be offered this Retention Incentive, with 80% of that group accepting it (32% of the total pool) for an average of 2.5 years" (p. 4).

## *II. Purposes and conditions of 18-20 Base Budget Reallocation Plan*

The Base Budget Reallocation Plan seeks to increase 18-20 Plan operating funds by recapturing for the 18-20 Plan a portion of the base budgets of the College and Schools that had been used to pay these retirees while they were employed at the University. Currently, the College and Schools pay a fixed surcharge to support the University's early retirement plans. Under the Base Budget Reallocation Plan, the College and Schools will also reallocate 20% of the "final average salary for each 18-20 recipient to the (18-20 fund) for each year that the recipient receives the 18-20 benefit" (Report, p. 6).

## *III. Criteria for the School of Education.*

Beyond the University's stated financial goals, the Retention Incentive Plan also provides the School of Education with the opportunity to retain the services of highly productive faculty members when they become eligible for early retirement. At the same time, the School must make careful and difficult distinctions among those potentially eligible for the Retirement Incentive Plan. These distinctions must be based upon clear and objective evidence of the faculty members' capabilities and the School's financial capacity.

- A. There must be a need in the School for the faculty member's continuing teaching, research, and/or service during the entire proposed five-year period of the incentive. Evidence of this need may include, among other things, the continued operation of the degree or certificate programs in which the faculty member teaches, robust student enrollments in those programs, the intellectual viability of the field in which the faculty member conducts research, the continuing availability of grant and contract funds in the faculty member's field, a continuing correspondence between the faculty member's areas of teaching and research and the School's programmatic and intellectual priorities, and a planned continuation of any service positions the faculty member may hold in the School or the University.
- B. The faculty member must demonstrate high levels of productivity in meeting the School's continuing needs in teaching, research, and/or service for the entire proposed five-year period of the retention incentive. Evidence of this productivity may include, among other things, recent robust student enrollments in the faculty member's courses; recent excellent student evaluations of the faculty member's courses; a recent continuous record of publication in refereed and other prestigious scholarly venues; a recent continuous record of external funding for the faculty member's research, development, or service activities; and recent excellent performance in any administrative roles the faculty member may hold in the School or University.

- C. The funding of the retention of faculty members must be within the financial capacity of the School for the entire proposed five-year period. Retaining senior faculty will, in most cases, be more costly to the School than hiring new, beginning level faculty. As such, the retention incentive option is expected to be exercised cautiously. In a given year, it may not be possible to offer this incentive to all highly productive retirement age faculty who apply, and there may be years when the retention incentive cannot be used at all.

#### *IV. Initial Decision Procedures for the School of Education.*

- A. The Dean's Office will provide notice of the 18-20 Retention Incentive Plan to eligible individuals by July 1 of the fiscal year (July 1 to June 30) in which they become age 63. In this notice, the Dean's Office will indicate whether funding for Retention Incentives is likely to be within the financial capacity of the School for the next five-year period.
- B. Individuals seeking an 18-20 Retention Incentive will so notify the Dean's Office by September 1 of the year in which they are notified of the Retention Incentive Plan or, if they choose to delay their request for a Retention Incentive, by September 1 of a subsequent year prior to retirement and prior to expiration of their 18-20 eligibility. This notification will consist of a letter outlining the requested period of the Retention Incentive and their planned contributions to teaching, research, and service during the term of the proposed 18-20 Retention Incentive period. It should include a discussion of the School's continuing need for those contributions and the faculty member's productivity in the areas of those contributions.
- C. The Faculty Affairs Committee will seek from the applicant's Program Area and Department faculty an assessment of the need for such contributions by this individual, evidence of the applicant's productivity, and a recommendation about any conditions that should be attached to the incentive. Based on this information and the criteria outlined in Section III, the Faculty Affairs Committee will make a recommendation on each request to the Dean's Office by November 15 of the year in which the applicant submits notification.
- D. The Dean's Office will communicate decisions to individuals seeking 18-20 Retention Incentives by January 1 of the year after the applicant submits notification. Each decision will be stated in a letter to the faculty member. In the case of a positive decision, the letter will include procedures for annual review and renewal of the incentive.

Timetable for Applying to Receive an 18-20 Retention Incentive	
When	What
By July 1 of the fiscal year (July 1 to June 30) in which applicant become age 63	The Dean's Office will provide notice of the 18-20 Retention Incentive Plan to eligible individuals
By September 1 of the year in which they are notified of the Retention Incentive Plan or, if they choose to delay their request for a Retention Incentive, by September 1 of a subsequent year prior to retirement and prior to expiration of their 18-20 eligibility	Individuals seeking an 18-20 Retention Incentive will so notify the Dean's Office
By November 15 of the year the applicant submits notification	Faculty Affairs Committee will make a recommendation on each request to the Dean's Office
By January 1 of the year after the applicant submits notification	The Dean's Office will communicate decisions to individuals seeking 18-20 Retention Incentives

V. *Annual Renewal Procedures for the School of Education*

Procedures for the annual renewal of the 18-20 Retention Incentive shall include:

- A. Submission to the department chair of a letter indicating whether the faculty member wishes renewal of the Retention Incentive for the subsequent academic year and, if so, a portfolio consisting of a complete curriculum vitae, summary of teaching evaluations, and other material deemed relevant by the faculty member and the chair on or before January 15;
- B. The department's recommendation about renewal of the Retirement Incentive communicated by the department chair to the dean by February 15 through the annual review process; and
- C. A final decision of the dean of the School, in consultation with the Faculty Affairs Committee, transmitted in writing to the individual by March 15.

## *VI. Appeals Procedures*

The decision of the dean may be appealed through the procedures available to Academic and Administrative staff in the University.