

ACADEMIC SENATE  
of  
THE CALIFORNIA STATE UNIVERSITY

Item 14

AS-2701-05/FA  
May 5-6, 2005

Faculty Early Retirement Program

- RESOLVED: That the Academic Senate of the California State University (CSU) recognize the value to individuals and to the institution of the orderly transition to retirement provided by the Faculty Early Retirement Program (FERP); and be it further
- RESOLVED: That the Academic Senate CSU urge that campus administrators give consideration to faculty on those campuses where deadlines for applying for the FERP effective in fall 2005 have already passed; and be it further
- RESOLVED: That the Academic Senate CSU express its deep concern that the loss of the FERP would result in the loss of expertise held by senior faculty; damage to morale of faculty in general; uncertainty about scheduling in academic programs; and deleterious effects on the overall quality of CSU academic programs; and be it further
- RESOLVED: That the Academic Senate CSU recognize the direct economic benefit to the CSU of savings generated by the fact that CSU no longer pays the cost of benefits to faculty who have entered the FERP.

*RATIONALE: On Tuesday, March 15, the 'sunshine proposal' of the CSU was amended such that this proposal--which summarizes the opening position of the CSU in collective bargaining--now calls for complete elimination of the Faculty Early Retirement Program (FERP).*

*Current federal law prevents universities from establishing a mandatory retirement age. The FERP was designed to encourage faculty members to retire upon reaching a reasonable retirement age. The program was designed to secure significant savings for the University at the same time that it provided a financial incentive to faculty members to participate. In brief, when the faculty member elects to participate in FERP, he or she begins to receive his/her full retirement benefits and the university is no longer responsible for paying health or retirement benefits. The faculty member, however, is entitled to teach up to half-time for a maximum of five years, at the previous salary rate. The University's obligations are reduced by more than half (because of the savings of health and retirement contributions). When the program was first adopted, the University's savings were sometimes sufficient to permit the hiring of a new faculty member at entry level, because entry-level salaries were then about half of top-step salaries. Since the initiation of the program, however, salary compression has changed this situation somewhat, so that the University's savings can no longer support a new hire immediately. However, if the savings from the first year were to be accumulated and spread over the following four years, they would be nearly sufficient to fund a new hire during the second year, to continue for each year thereafter. If this were to be done--and it is NOT currently being done--the FERP would actually encourage a more*

*rapid refreshment of the faculty than would the elimination of any incentive to retire.<sup>1</sup> The University would benefit by having 1.5 faculty members for the cost of one during four years of the five-year program—or, assuming four-course per semester teaching loads for both the FERP participant and the new hire, a total of 56 courses over five years rather than 40.*

*Beyond the financial aspects of the program, the University benefits in several ways. First, the University retains the services of experienced and mature teacher-scholars, even as it is able to begin the process of hiring their replacements. Second, many senior faculty members are likely to retire sooner than would otherwise be the case, thus reducing long-term costs. Third, knowing the timetable for faculty retirements permits more reliable long-term planning for hiring.*

*It has been claimed that the discontinuation of FERP would permit the more rapid hiring of a more diverse faculty that would, in turn, facilitate graduation rates. There is absolutely no evidence, whatsoever, for this assertion.*

*Because of variations in campus policies and procedures, deadlines for applying for FERP status have passed on some campuses but not on others; thus, the effects of this decision will be felt differentially by faculty on different campuses. In addition, because it is impossible to conduct searches for tenure-track faculty in the time remaining before the summer break (or, in some instances, the summer quarter), campuses will be forced to increase hiring of temporary faculty to mitigate the loss of those who opt for FERP, contrary to the goals agreed to by the tripartite task force on ACR 73. Like faculty and the quality of programs as such, students would feel the effects of the threats to FERP in the form of altered fall schedules or instructors with the specific expertise they may need in advanced classes, not just in the immediate academic year but until campuses are able to hire individuals with the experience and expertise required for upper-division and graduate classes often taught by the same faculty likely now to seek FERP status.*

**APPROVED UNANIMOUSLY – May 5-6, 2005**

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<sup>1</sup> Currently the average CSU full professor earns \$83,502, plus benefits amounting to ca. \$23,500. FERP faculty are older than average, with somewhat higher compensation. The University saves half the salary, the medical-dental-vision benefits (about \$9,000 for a person with one dependent), and 17% of the salary previously paid in retirement contributions, for a total savings of about \$65,000. Currently, the average newly-hired assistant professor earns \$56,566 plus about \$20,000 in benefits and pension contributions. For campuses that must hire above the average, it might be necessary to accumulate the savings for more than one year.