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EARLY RETIREMENT INCENTIVE PROGRAM

Actions Requested: Consider recommending to the Board:

1. Approval of the proposed Early Retirement Incentive Program (ERIP) for the Iowa Braille and Sight Saving School.
2. Directing the Iowa Braille and Sight Saving School submit a report regarding the Early Retirement Incentive Program at the August 2007 Board meeting.

Executive Summary:

In June 2005, the Board of Regents approved the findings of the IBSSS Task Force Committee. The IBSSS Task Force Committee recommended that services which support the education of students who are blind or visually impaired, including those with additional disabilities, should be complementary, provided in the most effective and efficient manner, and make maximum use of existing fiscal and personnel resources. (Recommendation 1)

The Iowa Braille School Task Force further recommended that the structure of the Iowa Braille and Sight Saving School be sufficiently flexible to meet the needs of students for the core and expanded core curriculum, regardless of the students' primary program location. Considerations for flexibility might include: an alternative calendar year that would allow intensive focus during the summer months and an option for a shorter term residential program (one semester or less) with a full range of activities and services for all students with visual impairments, including those with additional disabilities. (Recommendation 4).

Additionally, the Coordinating Council Preferred Future statement noted that, "A full continuum of services, including residential options that are flexible and targeted is supported by the coordination of services."

A key element for success in the redesign of services and programs from the Iowa Braille School is the ability to redesign and refocus the responsibilities of employees. Another key element for success is to provide a positive and exciting working environment in which to challenge employees to create a new future.

The Iowa Braille School hopes to compliment the efforts of its partners, the area education agencies, the local education agencies, the Iowa Department for the Blind, and the Department of Education, by developing an energized workforce ready and able to create innovative programming and provide needed, collaborative, and supportive programming.

One of the tools available to create the necessary environment for success at the Iowa Braille School is an Early Retirement Incentive Program (ERIP). Early Retirement Incentive Programs are not new to the Board of Regents.

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 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 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.

Description of the Proposed 2007 Early Retirement Incentive Program for the Iowa Braille School

The proposed ERIP will be used as a tool to shape, redirect, and focus the administrative, faculty, professional and scientific, and merit system work force of the Iowa Braille School. The proposed ERIP 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 Iowa Braille School. Each application will be reviewed on an individual basis and will be subject to the Interim Superintendent's approval. 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.

Proposed Benefits

- Cash benefit equal to 30% of the employee's FY 2007 budgeted salary.
- Payment of accrued vacation.
- Payment of accrued sick leave, not to exceed \$2,000 in accordance with Iowa Code 70A.23 and AFSCME Collective Bargaining Agreement.
- Contribution towards the retiree's (COBRA) health insurance until he/she becomes eligible for Medicare. The contribution will be equivalent to the employer's contribution had the retiree remained employed full-time. The contribution toward health insurance will terminate in the event of reemployment of the former employee in a permanent full-time or permanent part-time position within state government, or in the event of the death of the former employee.

1. Eligibility - Iowa Braille School permanent employees:

- Must be age 57 by June 30, 2007, to elect to apply for early retirement, and
- Must have a minimum of 15 years of service at an Iowa Board of Regent Institution by June 30, 2007.

2. Application requirements:

- Iowa Braille School employees who meet the eligibility requirements must apply for the ERIP between March 16, 2007, and April 30, 2007. No applications will be accepted after April 30, 2007. Employees who elect to participate will be provided 7 days to revoke their election.

3. Commencement of early retirement:

- Employees must begin the Early Retirement between June 1, 2007 and June 30, 2007.

Anticipated Effects of the Early Retirement Incentive Program (ERIP)

The Iowa Braille School currently employs 94 people in permanent positions as Faculty, Professional and Scientific (P&S), Merit, and Institutional Officials (IO). The 94 does not include the Interim Superintendent. There are 34 faculty, 49 merit, 7 P&S, and 4 IOs. Of the 94 current employees, eight merit positions, three faculty positions, and one administrator are eligible for the proposed ERIP.

The average age of all employees is currently 49. The average length of service for all employees is currently 13.5 years. The average merit hourly wage is \$17.17, and the average annual faculty salary is \$52,000. Of the eleven merit and faculty employees eligible for early retirement, the average age is 59, and the average length of service is 22.5 years. The average merit hourly wage is \$18.55, and the average annual faculty salary is \$66,000. If the eleven eligible merit and faculty employees enter the Early Retirement Program, the remaining staff will have an average age of 48 with an average length of service of 12 years. The average hourly merit wage will drop to \$16.95, and the average annual faculty salary will drop to \$50,500.

With the implementation of the ERIP, it is estimated that there will be \$1,834,144 available for program redesign, restructuring of responsibilities, and reallocation of funds. Since the average length of payout in the program for this group is 5.5 years, it will provide an estimated \$333,481 in reallocated funds annually.

The Board of Regents defines reallocation in its policy manual as the practice of moving funds from supporting one area, initiative, program or service to a very different area, initiative, program or service. Among other things, reallocations may be made to support new strategic initiatives, meet the demand for new courses and services, and to support any other initiatives important to the institution.

In addition to reallocated dollars, the ERIP will allow the Iowa Braille School to be more effective and efficient in providing current services through collaborations and partnerships with other stakeholders including the AEAs, LEAs, the Iowa Department for the Blind, and the Iowa Department of Education. The flexibility to use the funding differently will enhance the Iowa Braille School's ability to provide expanded and higher quality services to blind and visually impaired children in Iowa.

In essence, the proposed ERIP is a positive tool that will allow the Iowa Braille School to implement change and carry out the recommendations of the Task Force and the Coordinating Council and the directives of the Board of Regents.