



# Modeling the Effects of a University Staff Retire and Re-Hire Program

William E. Knight

Assistant Vice President for Planning and Accountability and  
Professional Associate, Higher Education and Student Affairs

Bowling Green State University

AIR Forum  
May 16, 2006



# Institutional Context

- State-assisted, non-unionized, high research university in northwest Ohio
- Declining state support and capped tuition
- Several rounds of hiring freezes plus limited layoffs
- Greatest expenditure = employee compensation
- Greatest cost driver = health care
- Already short staffed, especially in hourly support staff
- Want to continue to benefit from the experience of our long-time employees
- Don't to impose decisions that lead to widespread employee dissatisfaction and possible collective bargaining efforts

## Staff Retire and Re-Hire Program

- Faculty have a separate “program”
- Piloted in 2005-2006
- Staff eligible to retire in the state retirement system may be re-employed on a part-time basis at the university while drawing retirement benefits.



**BGSU**

## Staff Retire and Re-Hire Program

- Staff members receive up to 50% of their pre-retirement salary and only mandated benefits; most will pick up health benefits through the retirement system.
- Staff benefit by gaining a larger total take home pay through a combination of re-employment and retirement benefits and by having the opportunity to transition to full retirement.
- The University benefits by spending less on salary and benefits while maintaining the service of a skilled workforce

- Model the effect of program participation on participants' net pay
- Model the effects of the program on University expenditure

## Participant Benefit Model

- Needs to take into account:
  - current gross and net salaries and wages
  - years of service
  - choice of retirement benefit plan (which pay differently based upon choice of survivor benefits)
  - costs for health care picked up through the retirement system (which are different depending upon dependent coverage)
  - taxes and other deductions
  - retirement system cost of living increases
  - University salary and wage increases

- Needs to take into account:
  - various numbers of employees participating
  - the effect of vacation and sick leave retirement payouts



**BGSU**

## The BGSU Models

- Participant Benefit
- Estimated University Expenditure (March 2005)
- Estimated University Expenditure (April 2006)
- copies of all available