

MEMORANDUM

TO: Fort Wayne Senate

FROM: Lesa Rae Vartanian, Chair
Faculty Affairs Committee

DATE: March 23, 2017

SUBJ: FAC Report on the Suspension on Voluntary Early Partial Retirement (VEPR) Program

WHEREAS, on February 2, 2017, the Executive Committee of the Fort Wayne Senate charged the Senate Faculty Affairs Committee (FAC) with gathering information regarding the suspension of the Voluntary Early Partial Retirement (VEPR) benefit program; and

WHEREAS, FAC was explicitly directed to address four questions regarding the timeframe of the administration's decision and the communication of that decision as related to the offering of an Early Retirement Incentive Package (ERIP) in early Fall 2016; and

WHEREAS, two members of FAC met with Vice Chancellor of Financial Affairs David Wesse, Director of Human Resources Tamarah Brownlee, and Associate Director, Compliance, Human Resources, and Office of Institutional Equity Christine Marcuccilli on February 24, 2017 to discuss the matter; and

WHEREAS, FAC met subsequently to create a written report (attached) to document due diligence; and

WHEREAS, the report makes clear that, based on the information gathered, FAC believes the decision to suspend VEPR and the communication of that decision—particularly the timing of it relative to the offering of the ERIP—were not well-thought out or executed with long-time IPFW faculty and staff members' best interests in mind;

BE IT RESOLVED that the Fort Wayne Senate recognize the attached report "Faculty Affairs Committee Report on ERIP/VEPR, Fall 2016" as a clear indication FAC has met its charge and completed its task; and

BE IT FURTHER RESOLVED that the administration undertake and provide an accounting of the number of faculty and staff who decided not to accept ERIP and whose 7-day reconsideration window expired before the announcement of the suspension of VEPR; and

BE IT FURTHER RESOLVED that the administration reconsider its suspension of the long-standing VEPR benefit in favor of some form of modified VEPR, such as exists at Purdue Northwest.

Faculty Affairs Committee Report on ERIP/VEPR, Fall 2016

The Voluntary Early Partial Retirement (VEPR) program has existed as a benefit to IPFW faculty and staff for over 25 years. Individuals who are age 55 and older and have at least 15 years of service to the university (such that the sum of age plus years of service is equal to or greater than 70) are eligible. VEPR allows the faculty or staff member to reduce their employment over a period of five years, and thus transition into full-time retirement.

On September 2, 2016, Chancellor Carwein announced the offering of an Early Retirement Incentive Package (ERIP) via mass email to the campus. ERIP was offered to those faculty and staff who were 55 years of age or older, and who had at least 15 years of service in to the university. Terms of a “buy-out” plan for those faculty and staff already participating in VEPR were presented. On October 28, 2016, the immediate suspension of VEPR was announced, also via mass email.

On February 7, 2017, the Executive Committee (EC) of the Fort Wayne Senate charged the Senate Faculty Affairs Committee (FAC) with gathering information about the suspension of IPFW’s VEPR program. In particular, EC asked us to try to address four questions:

- 1) *How and when was the decision made regarding the discontinuation of VEPR?*
- 2) *How and when was that decision disseminated/communicated to the faculty?*
- 3) *How did the timing of that decision and communication correspond to the Early Retirement plan proposals last fall?*
- 4) *Would it not have been possible to incorporate some kind of a “phase out” or planned elimination of the VEPR?*

FAC members Daren Kaiser and Lesa Rae Vartanian (Chair) met with Vice Chancellor for Financial Affairs David Wesse, Director of Human Resources Tamarah Brownlee, and Associate Director, Compliance, Human Resources, and Office of Institutional Equity Christine Marcuccilli on Friday, February 24, 2017 from 3:30-5:00 PM. FAC then met on Monday, February 27, 2017 to discuss the information gained from that Friday meeting; a summary of that discussion follows.

According to VCFA Wesse, the decision to suspend VEPR was discussed and then made in late October, 2016. As noted, the announcement of the suspension was made to the campus on October 28, 2016. It seems then, that the timeframe of the administration’s consideration of the VEPR issue was relatively brief. VCFA Wesse did say that the intention had been to announce the suspension of VEPR when ERIP was announced, and that they did not want to announce the suspension after the timeframe for individuals considering ERIP had passed.

As noted above, the September 6, 2016 email announcing ERIP did provide terms for a buy-out for those faculty and staff already participating in VEPR. Otherwise, the administration’s communications regarding ERIP and VEPR were NOT coordinated or connected with one another. T. Brownlee and D. Wesse both indicated that it never occurred to them that faculty or staff would connect the two programs conceptually, and that because these are separate programs, they saw no need to connect them explicitly—not even that one of them would become unavailable about two months after the introduction of the other. Though the administration apparently discussed and decided to suspend VEPR during the month of October, they made a connection between the two programs earlier, in the development of the ERIP, as evidenced by the inclusion of the VEPR buy-out clause. Clearly the two

programs had been considered against one another in terms of cost to the university (with ERIP seen as less expensive).

When asked if a pool of faculty who were eligible for both ERIP and VEPR had been identified, the answer was “no.” When asked if the information packet distributed to individuals eligible for ERIP included any handout or survey to discern the recipients’ interest in VEPR, the answer was “no.” It was noted that because the VEPR process begins with the potential participant having a conversation with his or her supervisor or department chair, there was really “no way to know who might have been considering VEPR.” (However, it WAS possible to discern which faculty and staff were eligible for ERIP, and the eligibility criteria are the same.) A total of 274 individuals were eligible for ERIP; fifty-three staff members and seventeen faculty chose ERIP. There were nine individuals (eight faculty members and one staff member) on VEPR at the time ERIP was offered, and according to VCFA Wesse, all nine chose ERIP. It is most curious to us that the announcement of the suspension of VEPR wasn’t made at the same time ERIP was offered, as it seems that having done so might have led to more individuals choosing ERIP, which, if so, would have resulted in even greater savings to the university.

We understand that benefits are not guaranteed entitlements, and that employers may rescind them at any time. However, we find the fact to be a weak defense of what we believe was poor planning and execution of the decisions and communications regarding ERIP and VEPR. The administration recognized a relation between the two programs in terms of cost for the university, and should have recognized that the same sort of comparison between programs would be important—in some cases perhaps critical—to eligible faculty and staff.

According to Brownlee, ERIP packets were “placed in the hands” (literally, or vis-à-vis certified mail) of all eligible faculty and staff as soon as possible after the ERIP announcement was made. Brownlee indicated that there were some individuals who were clearly not interested, and wished to decline receipt of the packet. Individuals then had forty-five days to decide whether or not they wanted to take the ERIP offer. Once they had made a decision, they had seven days to change their mind. In our view, it is entirely reasonable to suspect individuals who were eligible for both programs but had been planning to take VEPR (even if they had not initiated an official conversation with their superior) would have declined the ERIP offer very early on, and that the seven days to change their decision would have expired well before the campus announcement regarding the suspension of VEPR was made. We do not know the extent to which this actually occurred, but we think it is something the administration should have considered and worked to prevent.

The question of whether it would have been possible to incorporate some kind of a “phase out” or planned elimination of the VEPR was not discussed. We did learn that PNW has modified its VEPR to be a three-year program; the official status of the program at West Lafayette was not known at the time of this report.

In sum, based on the information we have gathered, we believe that the decisions made regarding these two early retirement programs were not well-thought-out, and the communication of the decisions that were made were mishandled in a way that potentially disadvantaged faculty and staff who were eligible for both programs. Whereas the university is undoubtedly in compliance with the law in its actions, those actions do not reflect concern or respect for the people who have given much of their professional lives to IPFW. The lack of planning and the rush to implement ERIP created a situation in which people were pressed to make a major life decision fairly quickly.

Research on aging clearly demonstrates that the retirement decision is complex and includes many personal, demographic, and contextual factors. Most individuals consider and plan in advance the timing of their transition to full or partial retirement and the resulting economic conditions of retirement (cash benefits and in-kind benefits). Sudden, unexpected changes in retirement rules may have a tremendous negative impact not only on a retiree's economic self-sufficiency but also on psychosocial well-being after retirement.

Accordingly, we believe that the administration should have been more clear and transparent, and taken better care to make sure that faculty and staff eligible for both ERIP and VEPR understood that the long-standing VEPR program was to be suspended (or at least its suspension under consideration) and therefore "off the table" for them as an option as early as possible.

Respectfully Submitted,

Lesia Rae Vartanian, Chair (FAC)

March 22, 2017