Faculty Benefits: Identifying Family-Friendly Campuses

by Jay L. Chronister

__Jay L. Chronister__ is a professor of higher education in the Department of Leadership, Foundations, and Policy at the University of Virginia.

Chronister's research interests and recent publications address issues involving faculty careers, incentive retirement programs, retirement planning, and faculty benefit issues.

Chronister earned his doctorate in higher education from the University of Pittsburgh and has held faculty and administrative positions with the Pennsylvania State University and the University of Pittsburgh.

For a decade, financially constrained colleges and universities have devised creative measures to control spiraling benefit costs. The rate of increase is finally slowing down, and many institutions are revisiting their faculty and staff benefit programs and personnel policies. The new goal: making these programs and policies more family-friendly.

This chapter addresses:

- the growth of work-family programs.
- changes in benefit costs during the 1990s.
- how to determine retirement income goals and needs.
- full-time employee participation in pension and health care plans.

WORK-FAMILY PROGRAMS: TOWARD FAMILY-FRIENDLY CAMPUSES

The workforce participation rate of women substantially increased since mid-century. So did the proportion of children under six living in households where the mother worked outside the home—from 12 percent to 62 percent between 1950 and 1994. In 1994, 40.9 percent of America's 66.7 million children lived in two parent families where both parents worked, 20.3 percent lived in two-parent families with one working parent, 15.5 percent lived in families in which the sole parent worked, and 5.6 percent lived in a one- or two-parent family in which the parent or parents were unemployed.[1]

Most colleges provide "statutory" benefits, "standard" voluntary benefits, and "support" benefits for faculty and staff members .[2] Until recently, attention centered on the large ticket items in the first two categories: medical and dental plans, retirement plans, Social Security, and group life insurance. But demographic change has led to increased attention to benefits that support the family responsibilities of working parents, including maternity and paternity leave programs, and child care.

For qualified employees, the Family Medical Leave Act of 1993 provides for up to 12 weeks per year of unpaid leave due to childbirth or serious illness of a spouse or immediate family member.[3] This law resulted in piecemeal provision of support benefits. About 83.2 percent of all institutions provide maternity leave, and 61.0 percent offer paternity leave—

but only 29.4 percent provide day care.[4] Many colleges permit women faculty members to stop their tenure clocks to accommodate child-birth and child-care. Some institutions have also established flex-time programs.

But these changes in personnel policies and benefit offerings are just precursors to the latest developments. The recent period of financial uncertainty, downsizing, and business mergers, combined with a heightened awareness of changing demographics, has brought campus and corporate attention to work-family issues. Many colleges and universities have recently added new benefit programs and modified existing personnel policies to accommodate family needs. These benefits and policies are often called "work-family" or "work-life" personnel actions. [5]

TABLE 1

MOST PREVALENT FAMILY-WORK POLICIES ADOPTED BY 40 PERCENT OR MORE OF LEADERSHIP CAMPUSES

Policies	Percent of Leadership Campuses Offering
Family Leave	100
Extended leave to care for sick children	100
Occasional days off to care for children	100
Part-time work schedules	99
Faculty sabbatical	98
Flex-time	97
Phased return from leave	95
Time off for children's school functions	93
Employee Assistance Program (EAP)	90
Flexible spending accounts	89
Wellness programs	88
Workshops on family topics	84
Compressed work weeks	82
Faculty can start and stop tenure clock	80
Tuition assistance	79
Handbook on work-family policies	78
Job sharing	76
Child care center	72
Child care referral list	71
Work at home/telecommuting	68
Faculty can reduce workload for dependent care	68

TABLE 1 (CONTINUED)

Policies	Percent of Leadership Campuses Offering
Training/guidance to supervisors on work-family issues	65
Family health plan subsidies	62
Phased retirement	59
Child care referral counseling	55
Summer camp	53
Extended leave for sick adult dependents	53
Relocation services	52
Occasional days off for sick adult dependents	50
Time off for care of domestic partners	48
Support groups on work-family issues	48
Elder care referral counseling	48
Elder care referral list	45
Periodic work-family surveys	45
Designated work-family staff	45
Flexible benefits	44
Resource library on work-family issues	43
Long-term care insurance	40
Time off for care of domestic partners—(with pay)	40

SOURCE: Adapted from D.A., Friedman, C., Rimsky, and A.A. Johnson, College and University Reference Guide to Work-Family Programs. *(New York, NY: Families and Work Institute, 1996), 40-41.*

The Work-Family Study, a national survey of work-family initiatives, identifies "leadership campuses" with "family-friendly" policies and programs for faculty, staff, and students (Table 1).[6] Doctoral level, public institutions in urban areas with large budgets and large student bodies are most likely to be leadership campuses, but all types of institutions are represented.[7] Leadership institutions make greater efforts to diversify staffing and to target the advancement of women and minorities. These colleges link recruitment and advancement efforts to family-work initiatives, including family leave programs, faculty sabbaticals, child care centers, tuition assistance, and wellness programs.[8]

These support benefits are aimed more at "community building" and creating a "receptive work-family culture" than at providing current or future financial security. Leadership institutions mesh support benefits with cost implications, including child-care programs, flex-time schedules, flexible spending accounts, and leave programs, with low- or no-cost work-family initiatives, including workshops, support groups, and handbooks. They also designate staff to assist, train, and guide supervisors on work-family issues. The intended result: a supportive workplace that improves faculty and staff stability, and increases productivity and morale.

Here's a rundown of significant, replicable work-family initiatives uncovered by the Work-Family national survey:

- San Juan College offers an on-site development center that provides quality early education and child care services for up to 60 children of students, faculty, and staff—children from the community are admitted on a space available basis. The Center aims to provide quality, affordable half-day and full-day child care that helps to eliminate the barriers to higher education for students with children, and to provide a center for training and field experience for the college's Early Childhood Education Program.[9]

- The Comfort Zone at Iowa State University was licensed to care for up to eight children at a time who are prevented by mild illness from attending their regular child care arrangements. The facility serves children of faculty, staff, and students from six months to 12 years of age. The University Community Child Care Center, an on-campus, nonprofit, independent unit administers the center.[10]

- The Emergency Well Child Care Service at Michigan State University offers care when the regular provider is unavailable or other short-term child care needs arise. The university contracts for three spaces a day with the private nonprofit organization that runs the on-site child care center. The free service is available to faculty, staff, and students for up to three days per year. Children have to be free of communicable illness and capable of participating in regular child care center activities. The cost to the university: about $18,000 per year.[11]

- The University of Michigan's Elder Care Resource and Referral Program assists faculty, staff, and students with care for aging family members. The university's Family Care Resource Program coordinates the service by providing counseling, information, and referrals on elder care issues. Many requests for information and assistance involve care for relatives living far from the institution, so the program emphasizes referral to social workers, nursing homes, in-home health care providers, and other residential care facilities. The university also offers seminars and support groups to assist elder caregivers.[12]

- The School-Work Adjustment Policy, an option in the flex-time policy of Dakota State University, allows permanent employees to miss work for up to three hours every two weeks to volunteer in K-12 school activities. Faculty or staff members have to assist children actively (not merely attend an event) to obtain written approval in advance, and to make up the time away from work.[13]

Some institutions, notes the Work-Family Study, have developed comprehensive work-life services. The University of Montana established the Family Care Services Program (1993) to "help University of Montana faculty and staff identify and use available resources that will aid them in caring for family members, thus remaining productive and satisfied employees." Services include family leave, dependent care sick leave, family business leave, a sick leave fund, and direct sick leave grants. The university views resource and referral as program cornerstones.[14]

The Work-Family Study identified 11 institutions that provide domestic partner benefits to bring equity to the provision of benefits and to address work-family issues.[15] These campuses are more likely independent than public, since providing these benefits on public campuses often requires a change in state statutes defining a spouse or dependent, or a judicial interpretation of seemingly conflicting state statutes.[16]

These examples illustrate but a few initiatives that help faculty, staff, and students balance their family, employment, and educational obligations and opportunities. Many initiatives address institutional needs to recruit and retain faculty and staff. Others enhance the ability of student-parents to pursue educational opportunities by reducing financial barriers and child care constraints; a third group attempts to comply with government regulations. But all institutions with comprehensive programs appear to acknowledge their ability to enhance a sense of community on campus and to build a "family-friendly" environment.

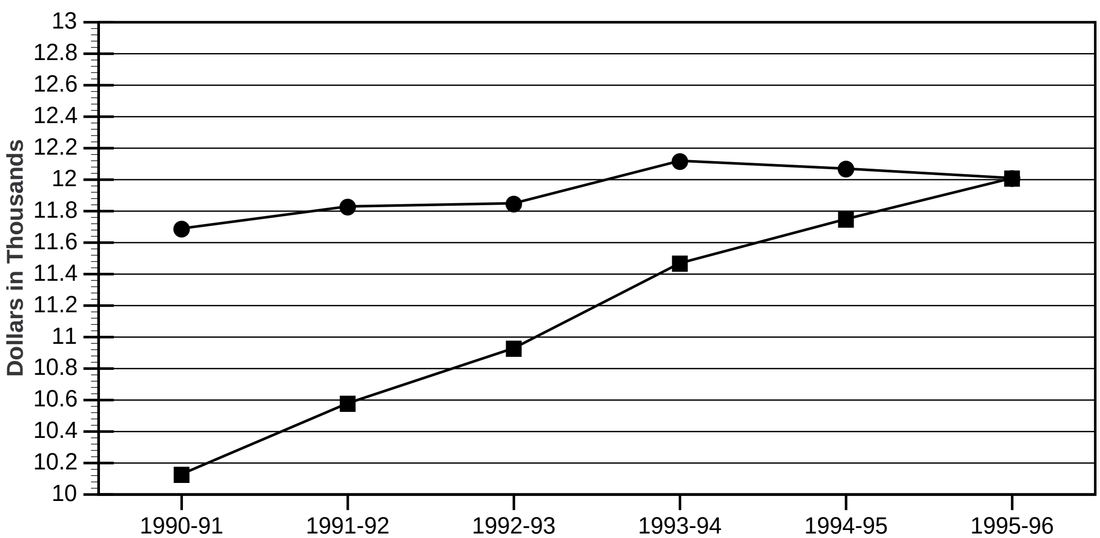
PROGRESS ON THE BENEFITS FRONT: WHAT ABOUT COSTS?

Between 1990-91 and 1995-96, average salaries for 9/10 month faculty at public institutions increased 15 percent in current dollars; benefits costs increased by 18.6 percent (–0.3 percent and 2.8 percent, respectively, in constant 1995 dollars). At independent institutions, salaries increased 19.7 percent in current dollars; the cost of benefits grew by 23.6 percent (3.8 percent and 7.2 percent, respectively, in constant dollars).[17] (See Figures 1 and 2).

An analysis of faculty benefit costs cannot be separated from the adequacy of total compensation for faculty and staff. In describing the adequacy of faculty compensation in 1995-96, 33 percent of respondents to the *Campus Trends 1996* survey rated their institution excellent or very good (public institutions–36 percent; independent institutions–28 percent). The research / doctoral universities showed a sharp distinction: public–26 percent; independent–64 percent.[18] Twenty-six percent of the surveyed institutions gave fair or poor ratings to their compensation packages (public–25 percent; independent–27 percent). The research / doctoral campuses again divided sharply: public–40 percent; independent–15 percent. Benefit costs consumed 24.9 percent of the average institutional compensation budget in 1995-96 for faculty members on 9/10 month contracts, a 0.3 percent decline from 1994-95 (Table 2). The greater rate of salary growth accounts for the slight decline in this

FIGURE 1

CHANGES IN AVERAGE BENEFIT COSTS AT PUBLIC INSTITUTIONS IN CURRENT AND CONSTANT DOLLARS*, 1990-91 TO 1995-96



	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
■ Current	$10,135	$10,583	$10,939	$11,473	$11,753	$12,017
● Constant	$11,692	$11,830	$11,858	$12,123	$12,073	$12,017

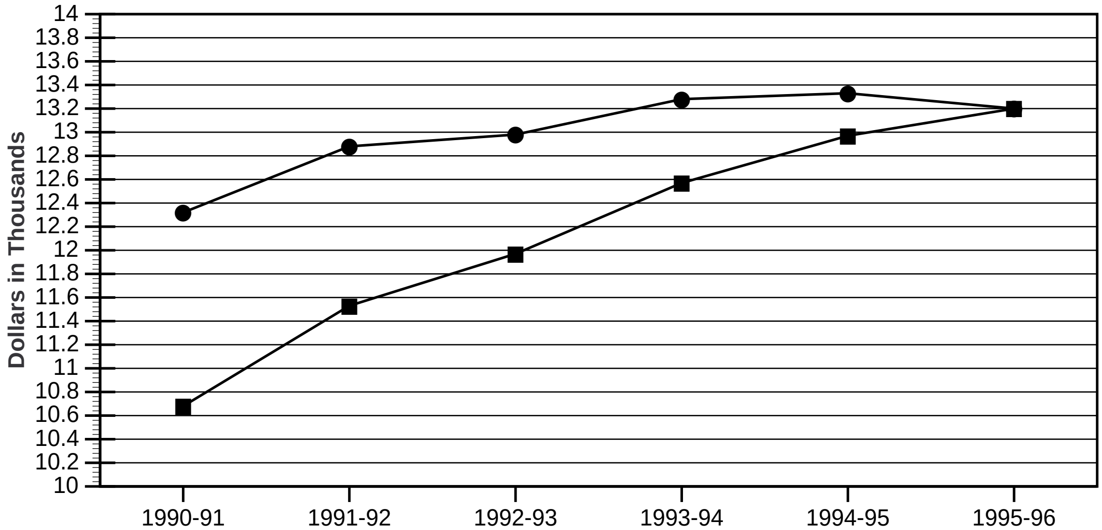
SOURCE: NCES, IPEDS Salary Surveys*, 1990-91 through 1995-96.*

NOTE: Based on 48.9 percent of the NEA National Faculty Salary Universe reporting data in all years.

** In constant 1995 dollars.*

FIGURE 2

CHANGES IN AVERAGE BENEFIT COSTS AT INDEPENDENT INSTITUTIONS IN CURRENT AND CONSTANT DOLLARS*, 1990-91 TO 1995-96



	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
■ Current	$10,683	$11,530	$11,975	$12,572	$12,977	$13,208
● Constant	$12,324	$12,889	$12,981	$13,284	$13,330	$13,208

SOURCE: NCES, IPEDS Salary Surveys, *1990-91 through 1995-96.*

NOTE: Based on 48.9 percent of the NEA National Faculty Salary Universe reporting data in all years.

** In constant 1995 dollars.*

percentage. Benefits as a percent of salary differed slightly by type and control of institution (public–24.8 percent, down 0.01; independent–25.3 percent, down 0.06). Independent BA institutions showed the highest benefit costs as a percent of salary (26.5 percent) and public doctoral institutions, the lowest (23.8 percent). Independent doctorals had the highest average dollar costs for benefits ($15,312); independent AA colleges, the lowest ($7,759)

The average cost of benefits as a percent of salary for faculty on 11/12 month contracts at public and independent institutions—23.4 percent in 1995-96—was 1.0 percent lower than the 1994-95 average. Average expenditures for salary and benefits were higher by type of institution in the public sector in 1995-96 than in the comparable independent sector institutions. Average costs as a percent of average salary ranged from 32.1 percent at public BA colleges to 22.5 percent at independent AA and public doctoral institutions (Table 3). Public BA+ institutions showed the highest average expenditures for benefits ($15,523); independent AA's, the lowest ($8,420).

Tables 4 and 5 show average costs of specific benefits for faculty members on 9/10 month and 11/12 month contracts, respectively. Social Security taxes, retirement contributions, and medical and dental coverage expenditures continued to consume the major share of average benefit costs at public and independent institutions. Except for doctoral level institutions, public colleges and universities tended to have the higher average expenditures for retirement and medical/dental plans for faculty on 9/10 month contracts (Table 4).[19]

Average expenditures for retirement as a percent of total benefit costs were higher at all types of public institutions (Example: public doctorals–42.6 percent = $5,386/$12,648; independent doctorals–36.0 = $5,473/$15,183) (Table 4). Expenditures by independents for

TABLE 2

AVERAGE SALARY, AVERAGE BENEFITS, AND BENEFITS AS A PERCENT OF AVERAGE SALARY, FACULTY ON 9/10 MONTH CONTRACTS, BY INSTITUTIONAL TYPE AND CONTROL, 1995-96

Type	Compensation Category	Control: Public	Control: Independent	Average
AA	Salary ($)	42,040	32,423	41,841
	Benefits ($)	10,687	7,759	10,626
	Benefits (% of Salary)	25.4	23.9	25.4
BA	Salary ($)	42,024	41,893	41,926
	Benefits ($)	11,009	11,105	11,081
	Benefits (% of Salary)	26.2	26.5	26.5
BA+	Salary ($)	47,100	43,793	45,885
	Benefits ($)	12,349	11,086	11,878
	Benefits (% of Salary)	26.2	25.3	25.9
Doctoral	Salary ($)	53,209	61,295	55,441
	Benefits ($)	12,687	15,312	13,411
	Benefits (% of Salary)	23.8	25.0	24.2
AVERAGE	Salary ($)	48,600	51,503	49,423
	Benefits ($)	12,036	13,027	12,317
	Benefits (% of Salary)	24.8	25.3	24.9

SOURCE: NCES, IPEDS Salary Survey, *1995-96.*

NOTE: Based on 71.5 percent of NEA's faculty salary universe (2,323 institutions) reporting benefits data.

guaranteed disability income (except at the AA level), tuition plans, housing plans, unemployment compensation, and group life insurance (at BA+ and doctorals) significantly exceeded expenditures for these benefits at public sector counterparts. Public institutions, on average, spent significantly more for retirement benefits and medical and dental plan benefits (doctorals excepted) for faculty members with 11/12 month contracts (Table 5).

Employee contribution requirements for retirement and medical and dental plan benefits, where they existed, affected the average institutional benefit expenditures per faculty member. Partial subsidies that required a fixed percentage or dollar amount employee contribution were more common than full subsidies. In 1992-93, 23.9 percent of institutions offering the TIAA-CREF pension plan for their full-time permanent instructional faculty fully subsidized the benefit payment; 60.1 percent partially subsidized the payment.[20]

The nature of the subsidy varied by type and control of institution. In 1992-93, for example, a larger percentage of independent research and doctoral institutions were likely to offer full subsidies (research: independent–36.0 percent, public–20.0 percent; doctoral: independent–29.8 percent, public–21.7 percent.[21]

The type of plan offered may affect the willingness of an institution to subsidize the retirement benefit. For example, among the 51 percent of public two-year colleges that offered TIAA-CREF, 16.1 percent provided full subsidy, 55.3 percent offered partial subsidy, and 28.6 percent gave no subsidy. Approximately 89 percent of all public two-year colleges offered a defined benefit state plan: full subsidy–23.7 percent, partial subsidy–68.5 percent, no subsidy–only 7.8 percent.[22]

TABLE 3

AVERAGE SALARY, AVERAGE BENEFITS, AND BENEFITS AS A PERCENT OF AVERAGE SALARY, FACULTY ON 11/12 MONTH CONTRACTS, BY INSTITUTONAL TYPE AND CONTROL, 1995-96

		Control		
Type	Compensation Category	Public	Independent	Average
AA	Salary ($)	42,340	37,433	42,097
	Benefits ($)	10,754	8,420	10,638
	Benefits (% of Salary)	25.4	22.5	25.3
BA	Salary ($)	47,375	39,622	40,757
	Benefits ($)	15,231	10,479	11,175
	Benefits (% of Salary)	32.1	26.4	27.4
BA+	Salary ($)	59,227	44,001	50,692
	Benefits ($)	15,523	11,090	13,038
	Benefits (% of Salary)	26.2	25.2	25.7
Doctoral	Salary ($)	68,289	65,312	67,525
	Benefits ($)	15,383	14,873	15,252
	Benefits (% of Salary)	22.5	22.8	22.6
AVERAGE	Salary ($)	60,297	56,899	59,413
	Benefits ($)	14,089	13,332	13,892
	Benefits (% of Salary)	23.4	23.4	23.4

SOURCE: NCES, IPEDS Salary Survey*, 1995-96.*

NOTE: Based on 71.5 percent of NEA's faculty salary universe (2,323 institutions) reporting benefits data.

TABLE 4

AVERAGE BENEFITS FOR FACULTY MEMBERS ON 9/10 MONTH CONTRACTS, BY INSTITUTIONAL TYPE AND CONTROL, 1995-96

		Control		
Type	Benefit	Public	Independent	Average
AA	Retirement Plans	$4,013	$1,953	$3,985
	Medical/Dental Plans	3,298	1,609	3,258
	Group Life Insurance	151	74	150
	Other Insurance Benefits	195	197	196
	Guaranteed Disability Income Protections	101	66	100
	Tuition Plan	51	212	55
	Housing Plan	0	32	1
	Social Security Taxes	2,274	2,377	2,276
	Unemployment Compensation	106	200	108
	Worker's Compensation	278	219	276
	Other Benefits in Kind with Cash Options	78	25	77
	TOTAL	$10,544	$6,964	$10,461

TABLE 4 (CONTINUED)

AVERAGE BENEFITS FOR FACULTY MEMBERS ON 9/10 MONTH CONTRACTS, BY INSTITUTIONAL TYPE AND CONTROL, 1995-96

		Control		
Type	Benefit	Public	Independent	Average
BA	Retirement Plans	$4,184	$3,291	$3,514
	Medical/Dental Plans	3,061	2,333	2,515
	Group Life Insurance	162	160	161
	Other Insurance Benefits	1	117	88
	Guaranteed Disability Income Protections	64	151	130
	Tuition Plan	164	827	661
	Housing Plan	6	87	67
	Social Security Taxes	2,653	3,058	2,956
	Unemployment Compensation	52	214	173
	Worker's Compensation	292	298	297
	Other Benefits in Kind with Cash Options	23	96	78
	TOTAL	$10,662	$10,633	$10,640
BA+	Retirement Plans	$4,936	$3,271	$4,302
	Medical/Dental Plans	3,426	2,533	3,066
	Group Life Insurance	116	171	137
	Other Insurance Benefits	81	129	87
	Guaranteed Disability Income Protections	89	159	116
	Tuition Plan	86	790	354
	Housing Plan	0	51	19
	Social Security Taxes	3,186	3,195	3,189
	Unemployment Compensation	77	144	102
	Worker's Compensation	281	315	294
	Other Benefits in Kind with Cash Options	23	50	34
	TOTAL	$12,282	$10,807	$11,720
Doctoral	Retirement Plans	$5,386	$5,473	$5,410
	Medical/Dental Plans	3,136	3,271	3,173
	Group Life Insurance	154	281	189
	Other Insurance Benefits	177	173	176
	Guaranteed Disability Income Protections	112	159	125
	Tuition Plan	105	212	55
	Housing Plan	3	64	20
	Social Security Taxes	3,076	3,967	3,323
	Unemployment Compensation	78	152	99
	Worker's Compensation	331	334	332
	Other Benefits in Kind with Cash Options	90	213	124
	TOTAL	$12,648	$15,183	$13,350
	AVERAGE	$11,949	$12,729	$12,173

SOURCE: NCES, IPEDS Salary Survey, *1995-96.*

NOTE: Based on 80.78 percent of NEA's faculty salary universe (2,623 institutions) reporting benefits data.

TABLE 5

AVERAGE BENEFITS FOR FACULTY MEMBERS ON 11/12 MONTH CONTRACTS, BY INSTITUTIONAL TYPE AND CONTROL, 1995-96

		Control		
Type	Benefit	Public	Independent	Average
AA	Retirement Plans	$4,226	$1,066	$4,057
	Medical/Dental Plans	2,833	2,375	2,808
	Group Life Insurance	94	136	96
	Other Insurance Benefits	209	8	198
	Guaranteed Disability Income Protections	67	53	86
	Tuition Plan	26	49	27
	Housing Plan	1	0	1
	Social Security Taxes	2,446	2,566	2,452
	Unemployment Compensation	68	170	73
	Worker's Compensation	191	191	191
	Other Benefits in Kind with Cash Options	85	504	207
	TOTAL	$10,245	$7,140	$10,078
BA	Retirement Plans	$4,071	$2,097	$2,473
	Medical/Dental Plans	3,045	2,361	2,616
	Group Life Insurance	193	136	150
	Other Insurance Benefits	289	87	113
	Guaranteed Disability Income Protections	89	126	123
	Tuition Plan	46	315	235
	Housing Plan	0	197	139
	Social Security Taxes	2,255	2,651	2,580
	Unemployment Compensation	24	233	183
	Worker’s Compensation	154	246	233
	Other Benefits in Kind with Cash Options	98	127	118
	TOTAL	$10,265	$8,576	$8,963
BA+	Retirement Plans	$5,846	$2,828	$4,196
	Medical/Dental Plans	2,890	2,359	2,509
	Group Life Insurance	186	231	211
	Other Insurance Benefits	90	245	175
	Guaranteed Disability Income Protections	147	151	149
	Tuition Plan	70	389	245
	Housing Plan	0	88	48
	Social Security Taxes	3,371	2,935	3,132
	Unemployment Compensation	78	155	120
	Worker’s Compensation	283	363	326
	Other Benefits in Kind with Cash Options	75	37	55
	TOTAL	$12,837	$9,782	$11,166
Doctoral	Retirement Plans	$6,982	$4,965	$6,447
	Medical/Dental Plans	3,027	3,226	3,080
	Group Life Insurance	148	170	154
	Other Insurance Benefits	203	242	214
	Guaranteed Disability Income Protections	120	127	122

TABLE 5 (CONTINUED)

AVERAGE BENEFITS FOR FACULTY MEMBERS ON 11/12 MONTH CONTRACTS, BY INSTITUTIONAL TYPE AND CONTROL, 1995-96

Type	Benefit	Control: Public	Control: Independent	Average
Doctoral (cont.)	Tuition Plan	112	806	296
	Housing Plan	3	104	30
	Social Security Taxes	3,850	3,763	3,826
	Unemployment Compensation	87	117	95
	Worker's Compensation	359	303	344
	Other Benefits in Kind with Cash Options	223	320	249
	Total	$15,113	$14,183	$14,859
	AVERAGE	$13,356	$12,176	$13,045

SOURCE: NCES, IPEDS Salary Survey*, 1995-96.*

NOTE: Based on 80.78 percent of NEA's faculty salary universe (2,623 institutions) reporting benefits data.

Similarly, medical and dental benefit subsidies directly affected employee and employer costs (Table 3). In 1992-93, approximately 42 percent of surveyed institutions fully subsidized the medical plan of their employees; about 58 percent provided partial subsidy. Public institutions were more likely to offer full medical insurance subsidies. Employees were less likely to obtain subsidized dental insurance: full subsidy–35 percent; partial subsidy–41 percent.[23]

Calculating average benefit costs by the number of faculty members receiving each benefit, rather than by average costs across all faculty members, more realistically measures the benefit's impact on compensation. This analysis reveals several striking differences (Table 6). Average expenditures increased from 25.1 percent of average salaries of all faculty to 36.3 percent of the average salaries of the faculty members receiving the benefits. The tuition benefit was responsible for much of the increase: from 0.7 percent to 8.6 percent.

This calculation also clarifies differences by type and control of institution.[24] By control, benefits as a percent of 1995-96 salary increased as follows: public–25.0 to 30.6; private/independent–25.4 to 42.7; church-related–24.7 to 42.9. Analysis by institution type showed similar percentage increases: doctoral–24.6 to 34.0; comprehensive–25.2 to 36.9; general baccalaureate–25.2 to 44.9; two-year with faculty ranks–27.9 to 33.7; and all institutions without faculty ranks–24.3 to 31.5. The tuition benefit was the major contributor to these large percentage increases. This benefit was offered most often to full-time instructional and noninstructional faculty at independent doctoral, comprehensive, and liberal arts institutions, and to a lesser degree at public institutions.[25]

RETIREMENT INCOME: HOW MUCH IS NEEDED?

"The United States faces a looming retirement income crisis," stated a 1993 report on the need for a national retirement income policy:

> During the years 2011 and 2030 the largest ever group of Americans will reach retirement age. However, coverage under private qualified pension plans dropped during the 1980s. Legislation and regulation prevent adequate funding of existing retirement and prevent formation of new plans. Social Security reserves are being used to fund federal deficits. During the early decades of the next century, the ratio of workers to retirees will be substantially lower than it is today.[26]

The report called for national action

TABLE 6

AVERAGE INSTITUTIONAL COSTS OF FRINGE BENEFITS PER ALL FACULTY VERSUS AVERAGE COST OF FRINGE BENEFITS PER FACULTY MEMBER RECEIVING THE SPECIFIC BENEFITS, ALL INSTITUTIONS,1995-96

	Average per Faculty		Average per Faculty Receiving Benefits	
Benefits	Dollars	Percentage of Salary	Dollars	Percentage of Salary
Retirement	$5,082	10.0	$5,208	10.2
Medical Insurance	3,139	6.2	3,265	6.4
Disability	127	0.3	199	0.4
Tuition	352	0.7	4,516	8.6
Dental Insurance	139	0.3	388	0.8
Social Security	3,278	6.4	3,573	7.0
Unemployment	103	0.2	138	0.3
Group Life	148	0.3	185	0.4
Worker's Compensation	298	0.6	352	0.7
Benefits in Kind	113	0.2	672	1.3
ALL COMBINED	$12,777	25.1	$12,776	36.3

SOURCE: American Association of University Professors, "Not So Bad," Academe*, 82 (March-April 1996), 32.*

addressing income replacement during retirement years, problems with Social Security funding, working beyond retirement age, targets for personal savings, and insuring the solvency of private pension plans. Individual responses to this crisis center on developing strategies for calculating needed levels of retirement income to maintain a desired "lifestyle" during the retirement years, and how to fund that income goal.[27] Institutions must also consider an "income replacement goal" when choosing a pension plan and must estimate funding levels—provided by the institution or employee, or by joint contribution—that will provide financial security for their retirees.

How does a faculty member determine income replacement needs and goals, and potential income sources? The key step, analysts note, is determining an acceptable post-retirement standard of living. The President's Commission on Pension Policy called for maintaining the pre-retirement standard of living, measured by pre-retirement disposable income.[28] But a pre-retirement standard of living, an income replacement goal, and expectations about financial needs during retirement are personal matters. To determine post-retirement income needs, a faculty or staff member must answer several questions:

- *Housing.* What changes may take place in housing expenses after retirement? Is the mortgage paid off, or will payments continue? Will retirement involve a move to more economical housing or another region of the country?
- *Employment-related expenses.* Will the retiree remain professionally active? If so, what employment related expenses—special clothing, tools, commuting costs, and professional dues and memberships, for example—will continue, and for how long? If not, which expenses will end?
- *Medical insurance and expenses.* Meeting health care costs in retirement years is crucial to retirement planning because individuals over age 65 use health care services more, and because average expenditures per individual increase along with age.[29] Budget constraints will reduce the growth of federal Medicare benefits; retirees will pick up increased health care costs. Does the retiree's last college or university provide group coverage for the retirement years, at institutional or shared cost, or does the retiree assume all health care costs? Will the retiree buy Medicare supplemental coverage?

What about long-term care for chronic illness or functional impairment?[30] Wealthy retirees and faculty members with high retirement income may handle long-term care expenses, while colleagues with lower income or smaller retirement income may receive Medicaid assistance. But retirees with middle range incomes must pay particular attention to assuring long-term care.

- *Does the retiree plan significant lifestyle changes?* How will expanded time available for leisure activities affect the need for post-retirement income? "Seeing the country or the world," visiting relatives, or spending time each year in a different climate may, for example, significantly increase travel and housing expenses.
- *Must the retiree accommodate carry-over expenses from the employment years in the first years of retirement?* One example: the education of dependents.
- *What expenses will* not *carry over into retirement?* One example: saving for retirement, if included in the pre-retirement budget plan.
- *Do pension-plan retirement benefits include a cost-of-living adjustment?* Social Security and many defined-benefit plans adjust for the cost-of-living; defined-contribution pension plans generally do not.

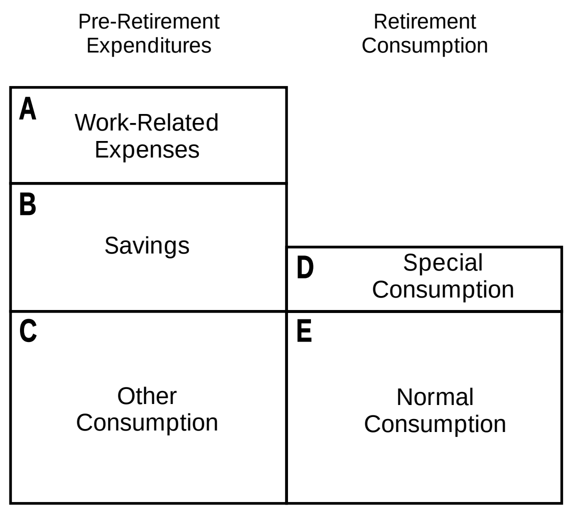
These questions, ideally, should be addressed by mid-career, to provide time to accumulate the necessary retirement funds.[31] One analyst cautions against immediate or drastic lifestyle or income changes upon retirement. A gradual transition lasting for up to several years allows retirees to take a longer view of average constant-dollar income replacement needs.[32]

A recent essay reviewed conceptual and measurement problems associated with attempts to develop strategies for determining retirement income needs. Most strategies differentiate between three categories of employment period expenditures: disposable income or pre-retirement consumption, work-related taxes and expenses, and pre-retirement savings. Deleting work-related expenses and funds committed to savings plans from pre-retirement expenditures provides an approximate retirement income target.[33]

Figure 3 is a model for ascertaining approximate retirement income needs. This model shows the three categories of pre-retirement expenditures—work-related expenses (**A**), savings (**B**) and other pre-retirement consumption (**C**). It also includes the two types of retirement consumption—special retirement consumption (**D**) and normal retirement consumption (**E**).[34]

FIGURE 3

CONCEPTUAL RETIREMENT NEEDS MODEL



SOURCE: Schieber, S.J. "Conceptual and Measurement Problems in Contemporary Measures of Income Needs in Retirement," Benefits Quarterly, *12, no. 2, 66.*

Pre-retirement spending levels (**A+B+C**) influence the funding that will be available for consumption during retirement (**D+E**). Pre-retirement consumption (**C**) includes functions that continue into retirement (**E**), including housing, utilities, food, clothing, medical care, transportation, entertainment, education, taxes, and charitable contributions. Special retirement consumption (**D**) includes new items, such as travel expenses if travel becomes a major retirement activity, or expenses associated with the purchase or rent of a second home. The model assumes that work-related expenses and savings for retirement end at the beginning of the retirement period. The questions asked earlier in this section will help to identify consumption that continues into retirement, and to spot "special retirement consumption."

Box **B** designates the savings needed to finance post-retirement consumption. Employees contribute to three sources of funding for retirement replacement income: an employer pension plan, personal savings (including voluntary tax sheltered plans), and Social Security. Total funding from these sources determines the post-retirement standard of living; the absence of one source necessitates increased reliance on the others to meet a given income replacement goal.

The relationship between gross pre-retirement income and the post-retirement income necessary to maintain pre-retirement standards of living determines the income replacement ratio. The Committee on Mandatory Retirement (1991) recommended that faculty pension plans should replace between 67 and 100 percent of pre-retirement income.[35] The ideal ratios, notes the American Society of Pension Actuaries (ASPA), range from 85 percent for families with a $20,000 final pay to 73 percent for families with final pay of $103,000.[36] Low income families or individuals, most formulas assume, require higher income replacement ratios.[37] Retirees with low pre-retirement income, ASPA adds, will rely more heavily on Social Security than savings; retirees with higher pre-retirement income will rely more on personal savings than Social Security to meet a higher standard of living.[38]

Successful planning requires a long term view of constant dollar retirement income needs since retirement periods may last 15 to 20 years, depending on the age of retirement, which affects Social Security and Medicare eligibility, and the health of the retiree.[39]

PARTICIPATION IN EMPLOYER SPONSORED PENSION AND HEALTH-CARE PLANS

The 1997 *NEA Almanac of Higher Education* reported the percent of colleges and universities that offered specific fringe benefits as part of their compensation packages.[40] But, up to now, we have not known the number or proportion of eligible personnel participating in those benefits. A new TIAA-CREF study provides this data for participants in pension and health care plans in 1993.[41]

Approximately 95 percent of surveyed colleges and universities—including a slightly higher percentage of public than independent institutions—offered pension plans for eligible full-time wage workers in 1993 (Table 7). Full-time personnel participated at a 79.8 percent rate (public sector personnel–85.2 percent; independent sector personnel–69.8 percent).[42] About 16.5 percent of the 1,117,228 part-time workers in higher education in 1993 participated in employer sponsored pension plans (public–17.3 percent; independent–15.2 percent).[43]

Compared to other industries, a larger proportion of higher education institutions offered pension plans to their full-time workers (94.5 percent vs 71.5 percent). More full-time personnel participated in the plans (79.8 percent vs 59.1 percent), but fewer part-time workers took part (16.5 percent vs 19.5 percent).[44]

TABLE 7

PENSION PLAN AVAILABILITY AND PARTICIPATION BY FULL-TIME PERSONNEL IN HIGHER EDUCATION, 1993

Sector	Number of Personnel	Pension Available (Percent)	Pension Participation (Percent)
Independent	634,292	92.2	69.8
Public	1,160,876	95.7	85.2
ALL	1,795,168	94.5	79.8

SOURCE: TIAA-CREF, "Pension and Health Benefits for Workers in Higher Education," Research Dialogues *9 (December 1996).*

Higher education's 98.1 percent health plan availability rate in 1993 (independent–96.5 percent; public–98.9 percent) exceeded the 85.5 percent mean availability rate for all other industries. (Table 8). About 84.7 percent of all full-time faculty and staff participated in health care plans (public–88 percent; independent–78.2 percent); the "other industries" rate for comparable employees was 73.5 percent.[45] Nearly 51 percent of surveyed workers expected their institutions to provide health care coverage in retirement.[46] The TIAA-CREF study did not specify reasons for nonparticipation in health plans, but the availability of coverage through a spouse's employer is a possible explanation.

TABLE 8

AVAILABILITY AND PARTICIPATION IN EMPLOYER-SPONSORED HEALTH PLANS FOR FULL-TIME WORKERS IN HIGHER EDUCATION, 1993

Sector	Availability (Percent)	Participation (Percent)
Independent	96.5	78.2
Public	98.9	88.3
ALL	98.1	84.7

SOURCE: TIAA-CREF, "Pension and Health Benefits for Workers in Higher Education," Research Dialogues *9 (December 1996).*

CONCLUSION

Financial constraints, restructuring, downsizing, reform, and accountability are terms that describe the current transformation of colleges and universities. A demographic change in the academic labor force has accompanied these structural changes. Attaining gender, racial, and ethnic diversity in faculty, staff, and students challenges academic leaders to balance employment and educational responsibilities with accommodating family needs.

Some "family-friendly" colleges and universities offer "nontraditional" benefits and services to employees. Elder care, sick child care, adoption assistance, and management training on work-family issues supplement maternity and paternity leave programs. Work-family initiatives will increase, since colleges and universities must remain competitive, enhance productivity, and maintain or improve morale.

The costs of benefits, between 1990-91 and 1995-96 for 9/10 month faculty at public institutions, increased by 2.8 percent in constant dollars; faculty salaries declined by 0.3 percent. At independent institutions, benefit costs in constant dollars increased by 7.2 percent; salaries increased by 3.8 percent. The crisis in state funding in the early 1990s explains much of the constraint on public sector salary increases.

The costs of benefits as a percent of salary has begun to stabilize. The figures for 1995-96 are slightly below the 1994-95 figures.[47] Explanations for this stabilization include better control of medical and dental benefit costs and institutional budget constraints that precluded costly initiatives. Most campuses assess new benefit initiatives for their "cost neutrality" or for their place in a "cafeteria-style" benefit plan where faculty and staff trade off some benefits for others.

Many faculty members are approaching the "normal" retirement age of 65 at a time when Congress is debating the solvency of the Social Security Fund. These colleagues, anticipating a 15- to 20-year retirement period, must plan *now* for their retirement. Pre-retirement and retirement lifestyles are related and unique; using externally derived "desirable" retirement income replacement ratios may lead to a post-retirement income inadequate to meet a desired lifestyle. So may a failure to begin retirement planning at mid-career, if the retiree does not supplement pension and Social Security funding with adequate savings.

NOTES

1 Employee Benefit Research Institute 1997, 10.

2 Statutory benefits include Social Security, unemployment compensation, and worker's compensation. Voluntary benefits may include health insurance, pension contributions, disability insurance, and group life insurance. Support benefits traditionally include parking, housing, tuition plans, and access to cultural and athletic events. (Chronister and Kepple, 1987, 15).

3 Dustin and Robins, 1993, 1.

4 National Center for Education Statistics, 1996, 31.

[5] In 1996 a study was completed by the Families and Work Institute in collaboration with the College and University Personnel Association Foundation to assess the degree to which institutions of higher education were developing programs and policies to support campus personnel needs in dealing with work-family issues. The programs and data reported in this section of the chapter are based on the results of that study and reflect policies and programs reported for 94 "leadership" institutions identified through the study. Cited as Friedman, Rimsky, and Johnson, 1996.

[6] Friedman, Rimsky, and Johnson, 1996, 6. Leadership campuses were the 25 percent of the institutions responding to a survey who were awarded the highest scores on the availability of work-family policies and programs. (Ibid., 24). Other surveyed campuses offered between one and three initiatives.

[7] Ibid., 28.

[8] Ibid., 29.

[9] Ibid., 1996, 73.

[10] The staff includes a coordinator and a nurse. There is a one time registration fee of $10 and an hourly sliding scale fee of up to a maximum of $4 per hour to faculty, staff, and students. Members of the community are charged a flat fee of $4 per hour. Ibid., 77.

[11] Ibid., 81.

[12] Ibid., 95.

[13] Ibid., 103.

[14] Ibid., 145.

[15] Ibid., 111-114.

[16] Guernsey, March 1997, A 13; Chronister, 1996, 107.

[17] These figures were derived from analysis of IPEDS salary and benefits data for the years cited.

[18] El-Khawas, 1996, 36.

[19] AAUP, 1996, 32.

[20] Chronister, 1997, 118.

[21] Independent institutions were also more likely to provide partial subsidies than no subsidy. Source: 1993 National Study of Postsecondary Faculty, (NSOPF-93) Institutional Survey data base.

[22] NSOPF-93 Institutional Survey data base.

[23] Ibid.

[24] AAUP, 1996, 32.

[25] National Center for Education Statistics, November 1996, 31 and 33.

[26] National Retirement Income Policy Committee, 1993, 1.

[27] Schieber, 1996. For a detailed discussion of retirement planning, see Chronister, 1996, 102-106.

[28] President's Commission on Pension Policy, March 1981, 42.

[29] Chronister 1994, 108.

[30] Employee Benefit Research Institute, 1997, 189.

[31] Enteman, 1992, 69.

[32] Ibid., 72.

[33] Schieber, 57.

[34] Schieber presents formulas for ascertaining realistic retirement income needs from this model, but this presentation will remain conceptual. Ibid., 66-67.

[35] Hammond and Morgan, 1991, 107.

[36] National Retirement Income Policy Committee 1993, 3.

[37] Schieber, 58; Enteman, 70.

[38] National Retirement Income Policy Committee, 1993, 3.

[39] Spray, 1995, 1. Faculty members approaching retirement should request a Personal Earnings and Benefits Statement (Form SSA-7004) from the Social Security Administration (1-800-772-1213).

[40] Chronister, 1997, 118-119.

[41] Most reports on plan availability or participation are based on institutional (employer) reports. The TIAA-CREF report utilized information from the Census Bureau's April 1993 Current Population Survey (CPS). Workers provided the information and data in the CPS.

[42] When the remaining 20.2 percent of respondents were asked to explain their reasons for nonparticipation, nearly 9 percent gave no reason, 4 percent stated that no one with their type of job was allowed to participate, 3.1 percent chose not to participate, 2.7 percent had not worked there long enough to qualify, and another 1.3 percent did not work enough hours, weeks, or months to qualify (TIAA-CREF, 1996, 3).

[43] Ibid., 3.

[44] Ibid.

[45] Ibid., 5-6. Overall, about 64 percent of the nation's civilian workforce under age 65 received employer sponsored health insurance coverage in 1994. Employee Benefit Research Institute 1997, 251. Undoubtedly, many of those not covered are part-time employees not eligible for their employer plans, and an additional number work for employers who do not provide a health insurance plan.

[46] Ibid., 6.

[47] Chronister, 1997, 123-124.

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