

# research dialogue

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## EXECUTIVE SUMMARY

### RECRUITMENT, RETENTION, AND RETIREMENT: COMPENSATION AND EMPLOYMENT POLICIES FOR HIGHER EDUCATION

Robert L. Clark, *North Carolina State University*

Madeleine B. d'Ambrosio, *TIAA-CREF Institute*

University faculties are aging. Low retirement rates, the elimination of mandatory retirement policies, and the slow growth in total faculty size are limiting the number of new hiring opportunities. Universities face a series of common challenges that will shape higher education in the twenty-first century. In order to maintain quality faculties, universities must develop compensation policies and employment practices that are appropriate for the new economic and demographic environment. This article examines existing human resources and compensation policies and considers potential modifications in these programs.

This article focuses on the challenges that universities face in the current economic and demographic conditions and the methods that administrators can adopt to achieve their missions. The results from a national conference consisting of new research and intense discussion by scholars, administrators, policymakers, and HR consultants are examined. Recruitment, Retention, and Retirement: The Three R's of Higher Education in the Twenty-first Century was held April 1-2, 2004 in New York. The conference, sponsored by the TIAA-CREF Institute, brought together nationally prominent researchers focusing on issues that directly affect the business of higher education and senior academic administrators from around the country to discuss key challenges confronting higher education.

The analysis reviews the soaring cost of health insurance for active and retired faculty. Few universities have totally eliminated retiree health insurance but many have amended these plans to reduce projected liabilities due to their health insurance to retirees. Universities, especially private institutions are likely to consider further modifying their retiree health plans. Institutions must be concerned about how such changes will affect the retirement rates.

The analysis also reviews the widespread adoption of phased retirement plans and the use of early retirement programs as components of HR policy. In response to faculty aging, universities have considered special retirement plans. Available evidence indicates that phased retirement plans are popular with senior faculty and increase overall retirement rates. Early retirement plans often offer attractive buy-outs to older faculty. The cost implications of these plans must be carefully considered.

Universities have also increased their reliance on non-tenure-track faculty. The proportion of faculty who are part-time has increased along with the proportion of full-time faculty who are not in tenure-track positions. These employees are paid lower salaries and often are not eligible for benefits. Many universities have increased their reliance on contract faculty in the recent adverse economic climate. Evidence also indicates that research universities are hiring more post-doctoral fellows in the areas of science and engineering.



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TIAA-CREF institute  
730 Third Avenue  
New York, NY 10017-3206