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Faculty Buyout Packages: An Emerging Higher Ed Trend? (Part 1)

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What do Penn State University, the University of Nebraska-Lincoln, the University of North Dakota, the University of Wisconsin system, and the University of Missouri all have in common besides being large, public, comprehensive universities? Each of them has recently rolled out over a limited time a voluntary faculty buyout package to some of their eligible full-time faculty. Private institutions such as Gonzaga University (in WA), Loyola University New Orleans (in LA), Nova Southeastern University (in FL), Oberlin College (in OH), Valparaiso University (in IN), and William Peace University (in NC) have also offered certain qualified, full-time professors voluntary separation offers over the last couple of years. Even two-year community colleges, so called "teaching institutions," have similarly enticed some of their full-time faculty to retire early with buyout options, as in the case of Erie Community College (in NY), Grand Rapids Community College (in MI), Illinois Central College (in IL) and Ivy Tech Community College (in IN).

The aging faculty, almost a cliché, has indeed been a topic covered in both the academic literature and mainstream press. It has been widely said that the faculty is an institution's greatest asset or most valuable resource. Professors are the lifeblood of any college or university as they write and shape the curriculum and deliver the instruction while guiding the students academically. Professors, despite often being underpaid and overworked, carry out higher education's chief mission of disseminating knowledge and helping students learn. So why is the faculty buyout phenomenon happening given that as of this last year over 20 million Americans are enrolled in college (if one counts the almost three million graduate and professional students)? In other words, why would administrators want to push out the most seasoned, experienced and accomplished teachers and scholars on campus?

One often hears that a college or a university is very much like a corporation and hence should be run as such. Yet suggesting that a college or university can be managed like a retail store or a franchise certainly goes against the traditional understanding of the noble pursuits of teaching, learning and research. An institution of higher learning also differs from a typical business because of two basic educational conditions—academic freedom and shared governance—not to mention there is no tangible commodity that is being produced or consumed.

Very few institutions are defined as "elite," with vast endowments. Many college investment portfolios have shrunk considerably since the economic downturn and long-term debt is now an issue. Additionally, with increasing external pressures in terms of accountability, escalating tuition costs coupled with lowered state financial support, a reduction in student enrollment in certain academic majors and degree programs, the issue of mounting student debt, the lack of faculty diversity, increased operating expenses, and the question of "return on investment" being raised by prospective students and their parents, colleges are now scurrying to come up with creative ways to reduce their expenses.

The population is getting older but Americans are also living longer, and thus transforming the workforce. In higher education, more elder professors simply means fewer younger assistant professors right out of graduate school being hired and prepared to take over the many academic roles when senior faculty retire. The country no longer has a mandatory (enforced) retirement age as Congress abolished it in the mid-1980's by amending the original 1967 Age Discrimination in Employment Act. In fact, in 1986 President Ronald Reagan, who was scheduled to leave office two years later at the age of 77, signed into law the federal bill making it illegal for most employers to set a mandatory retirement age. A special exemption from the 1986 law allowed colleges and universities to enforce mandatory retirement of faculty at age 70 until 1994's Supreme Court decision finally prohibited it. The percentage of the aging post-WWII baby boomer generation—born between 1946 and 1964 and also referred to the Sandwich Generation (since many take care of both children and aging parents)—is certainly creating a striking shift in the age composition of the American working population.

According to Bastedo, Altbach, & Gumport, "There are more than 1.5 million full- and part-time faculty members in America's 4,700 institutions of postsecondary education."[1] Many faculty boomers took advantage of the GI Bill and enrolled in college, earned their degrees and entered the academy back in the 1970s and have not done anything else. Professors at all rank levels, though, seem to be working harder and logging in more hours each week as their teaching loads and service and research responsibilities have not declined. As in other occupations, faculty increasingly struggle to strike a balance between work and an outside personal life.

Yet TIAA, formerly TIAA-CREF (Teachers Insurance and Annuity Association–College Retirement Equities Fund), estimated that college professors are now among the oldest working Americans and many are in no hurry to retire.[2] As a result, fewer new full-time faculty positions open up.

There are numerous personal, economic and psychological reasons to explain this occurrence. Many older tenured professors (who have job protection from being dismissed without cause) lost their retirement 401K nest eggs (and/or homes) in the economic downturn of 2008 and/or had their grown children move back home. Many also have ill parents that they now support and they need to be financially secure with employee-provided medical insurance. Some see an uncertain future with the current political climate and slow-moving economy. Besides the two major concerns of money and health insurance for remaining in the workforce, other reasons given for not retiring are:

- a genuine love for what they do;
- a need to be engaged with students;
- wanting to continue their research;
- the desire to feel relevant.

A sudden disruption of a professor's sense of identity by a severance of the long relationship with a college or university could also be a deterrent to retirement—with or without any incentives. All of these elements contribute to one's good physical and mental health. The American jurist Oliver Wendell Holmes famously wrote, "Men do not quit playing because they grow old; they grow old because they quit playing."

It is a fallacy that spending on faculty is directly responsible for institutional operating cost escalations. Yet, short of a financial exigency situation, the most common reason why a college (either public or private not-for-profit) would consider offering such a faculty buyout program to certain eligible full-time faculty would be strictly budgetary. Whether a public institution faces reduced state funding (like in Illinois or California, etc.) or there is a decline in enrollment in certain degree programs (i.e., law schools, teacher-education departments, liberal arts majors, etc.) one very obvious reason why colleges would want their older, tenured professors to separate is that they can easily be replaced by younger (and cheaper) faculty at a lower rank who are not on the tenure track and by both part-time and adjunct faculty. Replacing the older, higher-paid faculty with younger, more economical, and perhaps more diverse professors who actually mirror the students' demographics is considered a prudent thing for an institution to do. Of course, the "devil is always in the details" and ensuring that the process is well thought out, openly communicated, and then judiciously implemented is of paramount importance.

No college should create a vacuum of subject matter experts or increase workloads for the remaining faculty thereby negatively impacting morale. Having a mass exodus of full-time faculty would also rightfully upset the students enrolled in the affected programs.

References

[1] Bastedo, M. N., Altbach, P. G., & Gumport, P. J. (Eds.). (2016). *American higher education in the twenty-first century: Social, political, and economic challenges* (4th ed.). Baltimore, MD: Johns Hopkins University Press.

[2] Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF). (2012, April). *An age of opportunity: Taking a strategic approach to longevity, retirement and job satisfaction in higher education.* New York, NY: Author. Available at: https://www.tiaa.org/public/pdf/aging_workforce_part1.pdf