

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: December 9, 2002

COMMITTEE: Executive Committee

AGENDA ITEM: I. Faculty Retirement Incentive Program

BACKGROUND: The University faces reductions in its General Fund appropriation for the 2002-2004 Budget Biennium totaling \$93.5 million and may be subject to further cuts, particularly for 2003-2004. The University is investigating all available means to reduce operating expenses. For many units, the ability to meet reduced budget targets over the long-term depends on managing the personnel budget. Consistent with this objective, a proposed Separation Incentive Program for Faculty has been developed.

DISCUSSION: The proposed program provides a management tool to free faculty resources for budget reallocation or reduction in accordance with the University's overall budget reduction plan, changes in enrollment and other University needs.

Eligible faculty members (full-time faculty members with at least 15 years of continuous full-time service who are at least 55 years of age) may apply to participate in the program, which will offer a choice of immediate separation (by May 25 following the date of application) or phased separation (over a period not to exceed two years). Applications will be reviewed by the appropriate dean, and approved by either the Provost or the Executive Vice President and Chief Operating Officer. The program will apply only to separation contracts executed in the spring of 2003 for separation dates starting May 25, 2003. The University reserves the right to reject any applications.

Funds to support the program must be identified from the resources currently allocated for the position of the retiring faculty. All freed Educational and General fund resources will be recovered in central accounts. The total cost in any fiscal year of the separation incentives portion may not exceed \$2 million with the explicit understanding that the entire program cost must be recovered from savings realized from positions vacated through the program. The Board of Visitors would reserve the right to modify, amend or repeal the Program at any time.

ACTION REQUIRED: Approval by the Executive Committee.

APPROVAL OF FACULTY RETIREMENT INCENTIVE PROGRAM

WHEREAS, the University's General Fund appropriation for 2002-2004 has been reduced by \$93.5 million and additional reductions may be imposed; and

WHEREAS, in response to budget reductions, the University is investigating all available means to reduce operating expenses, including expenses for personnel; and

WHEREAS, it is essential that management has the necessary tools to make prudent changes in their operations; and

WHEREAS, §4-6.01.m.1 of the 2002 Appropriations Act requires that the total cost in any fiscal year for any compensation plan associated with retirement incentive plans "shall be set forth by the governing body in the compensation plan for approval by the Governor and review for legal sufficiency by the Office of the Attorney General".

RESOLVED by the Executive Committee of the Board of Visitors, that the Separation Incentive Program for Faculty (as shown in the attached document) be approved; and

RESOLVED FURTHER that the cost of the program in any fiscal year shall not exceed \$2 million; and

RESOLVED FURTHER, that the Executive Vice President and Chief Operating Officer is authorized to amend the details of the Separation Incentive Program for Faculty as necessary based on the review by the Attorney General and the Governor; and

RESOLVED FURTHER, that the Board of Visitors reserves the right to modify, amend or repeal the Program at any time.