



**UNIVERSITY OF ARIZONA -- MAIN  
FY 2008-2009 LEGISLATIVE BUDGET REQUEST**

|  | FY 2009<br>Request | Agency<br>Goal A | Agency<br>Goal B | Agency<br>Goal C | Agency<br>Goal D |
|--|--------------------|------------------|------------------|------------------|------------------|
| <b><u>STATE REQUEST: GENERAL FUND</u></b>                                      |                    |                  |                  |                  |                  |
| <b>CONTINUATION</b>  |                    |                  |                  |                  |                  |
| Annualization: FY 2008 Health Insurance Premium Rate Increase                  | 708,900            | x                | x                |                  | x                |
| Critical Faculty Salary Adjustments  | 11,691,300         | x                | x                | x                |                  |
| 22 to 1 Enrollment Growth  | 1,142,800          | x                | x                |                  |                  |
| Performance Funding: Change FY 2006 to FY 2007                                 | 483,000            | x                | x                |                  |                  |
| Reduction for Student Credit Hour Limit to 145                                 | (69,800)           | x                | x                |                  |                  |
| Operations & Maintenance of New Facilities                                     | 1,238,100          | x                | x                |                  |                  |
| Mandated Support: Executive Order 2007-03 -- Improving Air Quality             | 1,900,000          |                  |                  |                  | x                |
| Mandated Support: Arizona State Museum Increased Curator Costs                 | 1,000,000          |                  |                  |                  | x                |
| Inflationary Increases: Operations, Library Acquisitions & Utilities           | 5,585,100          | x                | x                | x                |                  |
|  | 23,679,400         |                  |                  |                  |                  |
| <i>Subtotal - Continuation</i>   |                    |                  |                  |                  |                  |
| <b>STRATEGIC INVESTMENTS</b>   |                    |                  |                  |                  |                  |
| Growing Arizona's Teacher Pool: Increased Access for Science and Math Teachers | 3,700,000          | x                | x                | x                |                  |
| Student Access and Workforce Development                                       | 4,500,000          | x                | x                | x                |                  |
| Meeting Arizona's Energy Needs: Solar, Bio-fuels, and Building Technologies    | 9,800,000          | x                | x                | x                |                  |
| Health Promotion to Address Health Disparities                                 | 356,900            | x                | x                | x                |                  |
| Development of Sustainable Nanomanufacturing and Bioengineering                | 4,666,000          | x                | x                | x                |                  |
| Arizona Climate Initiative: Innovation and Decision-Support                    | 3,500,000          | x                | x                | x                |                  |
| Arizona Astronomy  | 3,750,000          | x                | x                | x                |                  |
| Integrating Imaging & Therapeutics for Improved Cancer Treatments              | 3,787,500          | x                | x                | x                |                  |
|  | 34,060,400         |                  |                  |                  |                  |
| <i>Subtotal - Strategic Investments</i>  |                    |                  |                  |                  |                  |
|  | 57,739,800         |                  |                  |                  |                  |
| <b><u>TOTAL STATE BUDGET REQUEST</u></b>                                       |                    |                  |                  |                  |                  |
| <b>CAPITAL REQUEST</b>   |                    |                  |                  |                  |                  |
| Building Renewal   | 44,170,100         | x                | x                |                  |                  |
| Phoenix Biomedical Facilities 30 yr. Debt Service                              | 24,850,000         |                  |                  |                  | x                |
| <b>ABOR ANNUAL PERSONNEL REPORT</b>  |                    |                  |                  |                  |                  |
| Competitive Salary Request   | 42,612,900         | x                | x                | x                |                  |

- Goal A:** Prepare Arizona's youth and ensure access and opportunity.
- Goal B:** Engage and graduate students who can contribute to the State, Nation, and World.
- Goal C:** Provide world-class research that improves the human condition in Arizona and beyond.
- Goal D:** Partner with and serve the people of Arizona.

# DRAFT # 10

## ARIZONA BOARD OF REGENTS OPTIONAL RETIREMENT PLAN VOLUNTARY PHASED RETIREMENT PROGRAM

### Executive Summary

The three Arizona Universities propose an amendment to the Arizona Board of Regents (ABOR) Optional Retirement Plan (ORP) to establish a voluntary Phased Retirement Program (PRP) for plan participants. A Phased Retirement Program for ORP participants will have the following beneficial impacts on the Universities.

- Providing a retirement option for individuals who prefer a more gradual transition into retirement,
- Currently, participants in the Arizona State Retirement System may return to limited work immediately upon retirement from the University. This proposed amendment would give eligible ORP participants a similar option.
- Creating opportunities for renewal of faculty and service professional appointments.

### Background

The ABOR ORP is a 401(a) money purchase pension plan. In-service distributions are generally prohibited in 401(a) plans until the Participant attains Normal Retirement Age (i.e. age 65 as defined in the ABOR ORP); however, the ABOR ORP currently prohibits all in-service distributions. The ABOR ORP also prohibits any oral or written pre-agreement of return to work between any Participant and any Tri-U/ABOR Employer, since any ORP distribution during a break in service where a pre-arrangement of return to work has been made may be deemed as an in-service distribution.<sup>1</sup>

The federal Pension Protection Act (PPA) of 2006 permits in-service distributions from a 401(a) money purchase pension plan at age 62, if the plan has been amended accordingly. The PPA allows for this provision to be effective July 1, 2007. It is anticipated the ABOR PRP will become effective September 1, 2007. The major components of a PRP have been identified with technical assistance from the Board office and its outside counsel, who strongly recommend 1) the plan design include maximum uniformity, and 2) consultation with additional counsel having expertise in the Age Discrimination on Employment Act of 1967.

While the Phased Retirement Program was originally researched to apply to individuals with tenure or continuing status, the intent is to offer this program to all eligible ORP Participants. Participation in the PRP by non-tenured/non-continuing personnel will not create a guarantee or implied agreement of continuous employment during the PRP period.

#### Proposed Participant Eligibility Requirements:

- Participant must have attained age 62 (aligns with PPA)
- Participant must be fully vested in the ORP (enables withdrawals of employer contributions)
- Participant must enter into a phased retirement plan agreement with the University.

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<sup>1</sup> ORP Article II Definitions 2.20 Retirement Date "Retirement Date" means the date on which a Participant terminates employment with all employers. "Normal Retirement Date" means the date on which a Participant's attains age sixty-five (65) while employed by any Employer. For all purposes under this plan, a Participant must terminate employment with all Employers to be entitled to payment of any benefits under this Plan. The determination of whether a Participant has terminated employment with all Employers shall be based on all the facts and circumstances in connection with such termination (e.g. the existence of a written or oral arrangement providing for the Employee's reemployment at some date in the future will be evidence that termination of employment has not occurred, etc.). Such a determination shall be made by the Board (or its delegate) in its sole and absolute discretion, which shall be binding on the affected Participant. In no event shall a Participant be considered as having terminated employment if, at such date of termination, the Participant has entered into an express or implied contract (whether written or oral) for reemployment of the Participant with any Employer at some future date.

**DRAFT #10**  
**ARIZONA BOARD OF REGENTS OPTIONAL RETIREMENT PLAN**  
**VOLUNTARY PHASED RETIREMENT PROGRAM**

*Proposed Common Components of all Phased Retirement Plan Agreements*

An eligible individual's participation must be entirely voluntary, is subject to negotiation with /approval by the applicable Dean/VP, and will be established by a binding written legal agreement. Participation in a PRP is at the discretion of University management; the Dean/VP retains the authority to balance college/division business continuity needs with PRP requests.

- Employees with tenure or continuing status: Participant must agree to relinquish irrevocably all employment rights afforded by tenure/continuing status at the end of the Participant's Phased Retirement Program period.
- Employees without tenure or continuing status: Participant will continue to be subject to annual employment contract renewals during the PRP period.
- Participant's FTE, salary and workload will be reduced beginning the first year of the PRP; unless otherwise requested by the Participant in writing, FTE will be no less than .50 so that participant may retain University and Arizona Department of Administration benefits eligibility. The amount of reduction is subject to negotiation between the participant and the relevant Dean/VP.
- The maximum duration of a participant's Phased Retirement Period is three years. A period less than three years may be requested by the participant.
- Once enrolled in the PRP, participants may choose to accelerate retirement, but may not extend retirement past the date in the participant's written PRP agreement. Any plans for accelerated retirement will be shared as early as possible with the applicable Dean/VP to enable college/division business continuity needs. (This allows for illness or other legitimate circumstances that may prevent a participant from fulfilling the negotiated PRP commitment.)
- Both employee and employer contributions to the ORP will continue through the participant's retirement date as required by Arizona Revised Statutes (A.R.S.) 15-1628C and the ORP plan Document.
  - A.R.S. 15-1628C *"The Arizona board of regents shall contribute . . . seven per cent of the participant's compensation. . . . Each participant shall also contribute seven per cent of the participant's compensation."*
  - ORP Article IV Employer and Employee Contributions
    - 4.2 Mandatory Employee Contributions. *"Upon electing to participate in the Plan, Participants shall be deemed to have authorized his Employer to deduct from his Compensation, prior to its payment, seven percent (7%) of his compensation."*
    - 4.3 Employer Contributions. *"Each Employer shall contribute to the Plan on behalf of each Participant employee employed by such employer an amount equal to seven percent (7%) of the Participant's Compensation as required by A.R.S. section 15-1628C."*
    - 4.4 Changes or Suspensions of Employee Contributions. *"A participant may not change or suspend his Employee Contributions once the Employee has elected to participate hereunder."*
- Participants may withdraw in-service distributions from vested ORP account(s) as desired.

THE UNIVERSITY OF ARIZONA  
TUCSON ARIZONA

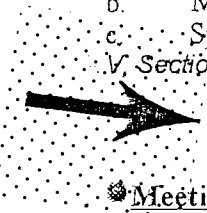
GENERAL FACULTY  
STANDING COMMITTEE

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## Committee of Eleven

The Committee of Eleven shall:

- a. Initiate, promote, and stimulate study and action dealing with and looking toward solution of situations and problems of interest and concern to the faculty and the University.
- b. Make reports to the General Faculty or the Faculty Senate.
- c. Speak for the General Faculty as and when authorized by the General Faculty. *Faculty Constitution Article V, Section 3*



● *Reconfiguring Undergraduate Education at the University of Arizona, A White Paper*

- Meeting Schedule
- Membership
- Committee of Eleven Guidelines
- Committee of Eleven History and Purpose
- Committee of Eleven Activities
- Issues of General Concern to the Faculty

BACK

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last updated 09/04/07



# STUDENT RETENTION

## Considerations:

- Academic preparedness
- Enrollment, accessibility, tuition revenue
- Quality of the undergraduate experience
- Faculty roles
- The output