

**Retired Faculty Budgeting Process**

It is necessary to budget the retired faculty lines as follows. The replacement faculty salary can be budgeted in one of three ways:

1. In the same department
2. By transfer of the single position to the Vacant Position Reserve
3. The remainder of the original salary (if there is any) should be budgeted either for use in meeting the benefits of the early retirement agreement by transfer to the Early Retirement Savings account, or for institutional academic needs by transfer to the Early Retirement Savings Account 0102-04008-62-0000. Although it may be necessary to utilize salary savings in one year to meet the schedule of early retirement benefits, the budgeted college Early Retirement Savings will remain until the early retirement benefits are covered at which time the budget will be transferred to 0102-04008-62-0000. Lump sum payments are treated as salary in the budgeting process. As long as 24.9% of the expenditures from the salary budget exceeds the cost of items normally covered from the benefit pool no transfers to the benefit pool are required to cover those items in the early retirement agreement. The net result of this procedure should be twofold:
  - A. The retiring faculty member's salary should cover the replacement faculty member's salary and the non- fringe type items in the early retirement agreements. The fringe benefit pool should cover the items in the early retirement agreement normally covered by the fringe benefit pool.
  - B. The net salary savings between retiring and replacement faculty will revert to Academic Affairs to be reallocated to colleges and schools for faculty, other academic college and critical institutional needs, such as: minority faculty, graduate fellowships, critical academic program needs, critical institutional needs (e.g., library books).

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