The End of Mandatory Retirement for Tenured Faculty

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MANDATORY RETIREMENT OF TENURED FACULTY IN COLleges and universities will be abolished on 1 January 1994 by the provisions of the 1986 amendments to the Age Discrimination in Employment Act (ADEA). The passage of this legislation caused many expressions of alarm from academic administrators, who voiced four main concerns. First, they fear that the new law would force colleges and universities to retain faculty members who were no longer competent teachers or researchers. Second, they fear that as older faculty stayed on, there would be less room for new faculty with up-to-date training, thus diminishing the vitality of the institution. Third, they fear that there would be fewer openings to be filled by minorities and women. Finally, administrators fear an adverse impact on budgets from the inability to replace retiring senior faculty with less expensive junior faculty.

Our research forecasts the effects of the 1986 amendments to ADEA on the mean age of retirement and on the age distribution of tenured faculty in the arts and sciences. Our basic conclusion is that the effects will be much smaller than have generally been predicted and, except in a few elite private research universities, the alarm that has been expressed by academic administrators is not warranted (*1*).

We base our conclusions on data on the age distribution of the tenured faculty in the arts and sciences and on flows into and out of this faculty over periods of up to 10 years from a set of 33 cooperating institutions. These institutions are not and were not intended to be a random sample of institutions of higher education in the United States. On the advice of our advisory committee, we confined the study to research and doctorate-granting universities and selective liberal arts colleges, where it was expected that the effects would be largest. We also took advantage of the fact that several states have already abolished mandatory retirement by state laws, which in some cases have been in effect for a number of years. These state laws create a kind of natural experiment whose results we were eager to observe. We selected as many colleges and universities as we could find that are already "uncapped"—that is, have no mandatory retirement age. We then tried to include some capped institutions that were similar in size, type, and region of location to these uncapped institutions. This design will not work for private research universities because we could find only one that was uncapped, which we decided to exclude from the sample as a special case. The final sample includes 14 liberal arts colleges with 1311 tenured faculty in the arts and sciences in the 1988–1989 academic year and 19 universities with 6412 tenured faculty.

Mean age at retirement in our sample did not differ across three broad disciplinary groups: humanities, social sciences, and natural sciences. There were, however, consistent differences by type of institution, with private universities having the highest mean retirement age (66.8 years), public universities the next highest (65.5), and liberal arts colleges the lowest (64.8). In the last two categories, institutions were classified as capped and uncapped by their status at the end of the period. There is no appreciable difference in mean age at retirement between the capped and uncapped public universities. Among the liberal arts colleges, the uncapped ones had a lower mean retirement age by a full year, an anomalous difference to which we return below.

Analysis of the distribution of retirements in our data set by single year of age again showed clear differences by type of institution. The first peak occurs at age 62, the lowest age at which retirees can collect any Social Security benefits. This peak is much higher in uncapped liberal arts colleges than elsewhere. A second, larger peak occurs at age 65. This is the age at which full Social Security benefits can be collected and was the mandatory retirement age for many of our institutions in the early part of the period covered by the data (*2*). This peak is also largest in the liberal arts colleges. The final peak occurs at 70 and is much larger in the private universities than in the other institutions.

Multiple regression analysis of the mean age at retirement across 31 institutions for which all necessary data were available identified two factors that clearly explain much of the variation in retirement age. Retirement age was on average 1.45 years higher in research universities than in other universities or colleges, holding other measured factors constant. Retirement age also rose significantly with the combined Scholastic Aptitude Test (SAT) scores (verbal plus quantitative) of entering students, a variable that may be serving as a proxy for the general quality of the institution (*3*). We think that this variable explains the anomalous difference in mean retirement ages between capped and uncapped liberal arts colleges reported above.

The key policy variable in this regression was a dummy variable measuring whether or not the institution had a mandatory retirement age during the period covered by the data. This variable has no measurable effect and is totally insignificant. Thus in our data set, other factors have far more effect on the mean age at retirement than does the presence or absence of a mandatory retirement age.

How should we interpret these results? We conclude first that tenured faculty members in the arts and sciences retire later when their job consists in large part of research and when they teach good students. Second, we conclude that in selective liberal arts colleges and in public universities, the abolition of mandatory retirement has no perceptible effect on the mean age of retirement. We are deterred from extending this conclusion to private universities by the fact that no uncapped private universities are included in our data set.

We next used our flow data and our age distribution data to project the age composition of the tenured faculty in the arts and sciences to the year 2004. The flow data include not just those on retirements, but similar data on promotions to tenure, hirings with tenure, deaths, and resignations. The projections make use of the Faculty COHORT Model developed at Stanford University (*4*).

Projections of the age composition of the tenured faculty in the arts and sciences to the year 2004 were made on the conservative assumption that there is no change in the size of the tenured faculty (*5*). Separate projections were made for capped and uncapped institutions and for private universities, public universities, and liberal arts colleges. The most conservative projections were based on the historical values of all the flow variables over the period of our data except for the cohorts aged 66 to 70 and 71 to 75, where a retention rate of 20.4% is assumed in the presently capped institutions beginning in 1994. This retention rate is 50% higher than the retention rate we have observed in uncapped institutions. Even under these conservative assumptions, the mean age of the tenured faculty in presently capped institutions rises only 0.6 years from 1989 to 2004. Moreover, in every case, the proportion of the tenured faculty age 40 and under is projected to rise from 1989 to

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2004. It thus does not seem to be true that the abolition of mandatory retirement will eliminate the room for new blood.

In closing, we should like to venture some policy conclusions. When the 1986 amendments to ADEA were passed, some observers felt that they would require major policy changes in higher education. These included regular post-tenure review of all tenured faculty and even the replacement of tenure by term contracts (*6*). We now feel that no such drastic measures are required. Academic tenure developed during a long period and has been a major safeguard of academic freedom. If it is to be replaced or substantially modified, it should not be because of the 1986 amendments to ADEA, but for some more substantial reason.

There are measures short of modifying tenure that might help protect the few institutions where the end of mandatory retirement will produce large changes. They can review the benefits offered emeritus professors to see whether they can be improved at reasonable cost: Are those who wish to generally able to keep offices close to their old departments? Do they have access to secretarial help and computing facilities? If not, would better provisions be advisable?

These institutions could also consider incentive early retirement plans if they do not have them. Such plans are very expensive, and often may not be worth what they cost, but the few institutions under consideration here may be exceptions to this rule. Finally, these institutions may want to review the distribution of teaching duties in their faculty and make sure that they are equitably shared among faculty of all ages, with senior faculty teaching their fair share of undergraduate courses.

A final question is whether the higher education organizations should consider again asking Congress to amend ADEA to extend mandatory retirement beyond 1994. It now seems clear that the end of mandatory retirement will not bring severe problems to most of higher education; only a few universities will be severely affected. It seems quite unlikely that an appeal to Congress on behalf of these universities would be successful, and therefore we think that it should not be made. The Committee on Mandatory Retirement in Higher Education of the National Research Council has reached the same conclusion (7).

REFERENCES AND NOTES

1. See A. Rees and S. P. Smith [*Faculty Retirement in the Arts and Sciences* (Princeton Univ. Press, Princeton, NJ, in press)] for detailed analysis.
2. The 1978 amendments to ADEA raised the mandatory retirement age for tenured faculty to 70 effective 1 July 1982. We have looked at time-series data on retirements in our sample seeking evidence of the effects of this law, but do not find any. This is not because the law had no effects, but because the effects were spread over a number of years.
3. We have also tried the average salary of full professors as reported to the American Association of University Professors as an alternative measure of quality. By itself, it does not explain as much as SAT scores. Because the two measures are highly correlated, when both are entered together, neither is statistically significant.
4. This is a Markov chain model with feedback, made available through the Consortium on Financing Higher Education [see R. Biedenweg and T. Keenan, *The Faculty COHORT Model User Manual* (Stanford Univ. Press, Stanford, CA, 1989)].
5. By conservative, we mean an assumption that is likely to produce an increase in the projected mean age of the faculty.
6. See, for example, H. Rosovsky, *The University, an Owner's Manual* (Norton, New York, 1990), pp. 211–12; O. M. Ruebhausen, in *The End of Mandatory Retirement; Effects on Higher Education*, K. C. Holden and W. L. Hansen, Eds. (Jossey Bass, San Francisco, 1989), pp. 85–95.
7. National Research Council, *Ending Mandatory Retirement for Tenured Faculty: The Consequences for Higher Education* (National Academy Press, Washington, DC, 1991).

8. Supported by grants from the Andrew W. Mellon Foundation, the Carnegie Corporation of New York, and the William and Flora Hewlett Foundation.