

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Human Resources Committee **Date of Meeting:** July 22, 2009

Agenda Item: Proposed Board Policy 4.11 Board Early Separation Incentive Program
(Second Reading)

- Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda:

Following discussion at its first reading, as well as having received input from various constituent groups, the proposed policy is being presented for its second reading and approval by the Board.

Scheduled Presenter(s):

Lori Lamb, Vice Chancellor for Human Resources
Jim Lee, Director for Compensation and Special Projects

Outline of Key Points:

- Purpose
- Eligibility
- Amount and Form of Incentive
- Other Separation Incentives
- Re-employment
- Report

Background Information:

The first reading was heard at the Board's June meeting, along with a public hearing that was held on the same day. Various constituent groups have provided input into the policy which brings it to its second reading for approval.

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD ACTION
PROPOSED BOARD POLICY 4.11 BOARD EARLY SEPARATION INCENTIVE PROGRAM

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BACKGROUND

The 2009 legislative session authorized the Board of Trustees to implement a program of early separation incentives. The Human Resources staff in the Office of the Chancellor drafted a proposed Board Policy for the Board Early Separation Incentive Program which was reviewed and given a first reading at the Board meeting on June 18, 2009.

The Board was required to conduct a public hearing, which was held on June 17, 2009. Additionally, the Board was required to post the proposed eligibility requirements on the Web site for the Office of the Chancellor and notify selected members of the Legislature. Those steps have been taken.

RECOMMENDED COMMITTEE ACTION

The Human Resources Committee recommends that the Board of Trustees adopt the following motion:
The Board of Trustees adopts Board Policy 4.11 as presented in the Board packet.

RECOMMENDED MOTION

The Board of Trustees adopts Board Policy 4.11 as presented in the Board packet.

<i>Date of Presentation to the Board:</i>	<i>June 17, 2009</i>
<i>Date of Board Action:</i>	<i>July 22, 2009</i>
<i>Date of Approval:</i>	<i>July 22, 2009</i>
<i>Date of Implementation:</i>	<i>July 22, 2009</i>

BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD POLICY		4.11	
Chapter	4.	Chapter Name	Human Resources
Section	4.11	Policy Name	Board Early Separation Incentive Program

4.11 BOARD EARLY SEPARATION INCENTIVE PROGRAM.

Part 1. Purpose. The purpose of this policy is to implement time-limited early separation incentives authorized by Minnesota Statutes section 136F.481 (2009 Laws of Minnesota, Chapter 169, Article 6, Sections 1 and 2). The goal of the incentive program is to encourage early separation of selected employees from employment with Minnesota State Colleges and Universities, in order to:

1. reduce salary and benefit obligations in anticipation of reduced state funding;
2. reallocate resources to departments and programs in response to changing needs or strategic objectives; or
3. achieve other cost savings or efficiencies.

This policy is another option, in addition to layoffs, terminations, and hiring restraints, the presidents and the chancellor may use to manage the system budget. This policy does not create an employee benefit or entitlement.

Part 2. Definitions.

Subpart A. Board early separation incentive. Board early separation incentive means the total amount provided under this policy to an eligible employee through a contribution to the health care savings plan administered by the Minnesota State Retirement System or cash payment, or both, in exchange for the employee's voluntary separation from employment on a specified date.

Subpart B. Continuing position. A continuing position means an employment position of a classified or unclassified employee of Minnesota State Colleges and Universities that:

1. Has no specified end-date and is occupied by an employee with tenure, probationary, non-tenure track, or permanent status; or
2. Is an unclassified position occupied by an at-will employee on other than a temporary, interim or acting basis.
3. Is not held by an at-will employee with an individual employment agreement under Minnesota Statutes § 136F.40.

1 **Subpart C. Continuous service.** Continuous service means five years of continuous
2 employment service with Minnesota State Colleges and Universities that meets one of the
3 following:

- 4 1. ~~Faculty and other e~~Employees with academic seasonal appointments and faculty
5 members must have completed ten consecutive semesters of employment with Minnesota
6 State Colleges and Universities immediately prior to separation from employment. The
7 ten consecutive semesters includes any paid or unpaid leaves of absence, but does not
8 include summer academic terms.
- 9 2. An administrator or other employee with a full year appointment must have five years of
10 continuous employment, including any paid or unpaid leaves of absence, with Minnesota
11 State Colleges and Universities immediately prior to separation.
- 12 3. Employees who have a combination of faculty, academic seasonal, and full year
13 employment in the five years immediately prior to separation may meet the five year
14 continuous service requirement if their employment history is reviewed and approved by
15 the chancellor or designee as meeting the intent of the law and this policy.

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17 **Part 3. Eligibility.**

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19 **Subpart A. Intent.** A board early separation incentive shall be approved by a president or the
20 chancellor only if the incentive is designed to meet the intent and purposes of this policy.

21
22 **Subpart B. Authority.**

- 23 1. The president or chancellor has sole discretion over whether to provide a board early
24 separation incentive.
- 25 2. Presidents may identify positions at their college or university for elimination or
26 replacement. The chancellor may identify positions for elimination or replacement
27 within the office of the chancellor.

28
29 **Subpart C. Employee eligibility.** An employee may be provided a board early separation
30 incentive only if all of the following conditions are met:

- 31 1. The employee occupies a continuing position within Minnesota State Colleges and
32 Universities at the time of separation from employment;
- 33 2. The employee's position is identified for elimination or replacement by the president or
34 chancellor;
- 35 3. The employee is at least 55 years of age at the time of separation from employment;
- 36 4. The employee has completed at least five years of continuous service as provided in this
37 policy;
- 38 ~~5. The employee is in employment status at the time of separation from employment;~~
- 39 ~~6.5.~~ The employee is eligible for employer contributions for health and dental insurance
40 premiums, whether or not the employee chooses to receive them; and
- 41 ~~7.6.~~ The employee is making employee contributions to a mandatory system retirement plan
42 immediately prior to the employee's separation date; and.
- 43 ~~8. The employee was not previously offered a board early separation incentive under this policy.~~

1 **Part 4. Amount and Form of Incentive.** The president or chancellor shall determine the
2 amount of the board early separation incentive and the separation date, subject to the limitations
3 and requirements of this policy.
4

5 **Subpart A. Maximum amount.** The total cost of a board early separation incentive paid under
6 this policy shall not exceed the employee's annual base salary rate in effect at the time of
7 separation. When determining the amount of a board early separation incentive, the president or
8 chancellor shall consider any other separation payments or incentives available to affected
9 employees.
10

11 **Subpart B. Allocation of incentive.** The board early separation incentive shall be allocated
12 between health care savings plan contributions and cash payments as follows:

- 13 1. To the health care savings account, to the extent that:
 - 14 a. The president or chancellor has made available board early separation incentive
15 funding for the individual in accordance with this policy; and
 - 16 b. Projected health care insurance premiums from the date of separation to age ~~65~~ 70
17 (age ~~70~~ 65 for ~~employees~~ faculty members represented by ~~AFSCME~~ the Inter
18 Faculty Organization) would not otherwise be covered by the individual's
19 applicable collective bargaining agreement or compensation plan.
- 20 2. If the board separation incentive exceeds the amount necessary to meet the contribution
21 in paragraph 1 of this part, payment shall be made in cash to the individual, due upon the
22 individual's separation from employment. A cash payment shall not exceed the lesser of:
 - 23 a. The amount of the board early separation incentive available to the individual
24 after contributions made under 1, above; or
 - 25 b. The established ~~statutory~~ limitations on cash payments in Minnesota Statutes
26 136F.481 and 43A.17, Subd. 11.
- 27 3. If any portion of the identified board early separation incentive remains following
28 allocation under paragraphs 1 and 2 above, the remainder shall be contributed to the
29 individual's health care savings plan.
30

31 **Part 5. Other Separation Incentives.** The receipt of a board early separation incentive under
32 this policy shall not affect an employee's eligibility, if any, for severance pay, early separation
33 incentives, early notice of retirement incentives or other separation incentives available to the
34 employee.
35

36 **Part 6. Re-employment.** An employee who accepts and receives a board separation incentive
37 pursuant to this policy shall not be re-employed or enter into a contract for services within
38 Minnesota State Colleges and Universities, including its colleges, universities or the office of the
39 chancellor, for at least one year following separation from employment, unless authorized by the
40 chancellor or designee because of exigent circumstances facing the college, university, or office
41 of the chancellor. Thereafter, employment of a recipient of a board early separation incentive is
42 subject to Board Policy 4.6.
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1 **Part 7. Report.** The chancellor shall establish annual reporting requirements concerning board
2 early separation incentives paid, and annually shall submit a report to the board and legislature.

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4 *Date of Adoption:* 7/22/09 [*proposed*]

5 *Date of Implementation:* 8/1/09

6 *Date of Policy Expiration:* 6/30/14

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