



**HUMAN RESOURCES COMMITTEE**

**JULY 22, 2009**

**11:00 A.M.**

**BOARD ROOM**

**WELLS FARGO PLACE**

**30 7TH STREET EAST**

**SAINT PAUL, MN**

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Please note: Committee/Board meeting times are tentative. Committee/Board meetings may begin up to 45 minutes earlier than the times listed below if the previous committee meeting concludes its business before the end of its allotted time slot.

Committee Chair Ruth Grendahl calls the meeting to order.

- (1) **Minutes of June 17, 2009 (pp. 1-2)**
- (2) **Minutes of Human Resources Public Hearing of June 17, 2009 (p. 3)**
- (3) Human Resources Update
- (4) **Proposed Board Policy 4.11 Board Early Separation Incentive Program (Second Reading) (pp. 4-9)**
- (5) Recognition of Presidential Years of Service (pp. 10-11)
- (6) FY 2010 Human Resources Work Plan (pp. 12-13)

Members

Ruth Grendahl, Chair  
David Paskach, Vice Chair  
Cheryl Dickson  
Jacob Englund  
Allyson Lueneburg  
David Olson  
Christine Rice  
Scott Thiss

**Bolded** items indicate action required.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
HUMAN RESOURCES COMMITTEE  
MEETING MINUTES  
June 17, 2009**

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*Human Resources Committee Members Present: Ruth Grendahl, Chair; Cheryl Dickson; Jacob Englund; David Olson; David Paskach; Christine Rice; Scott Thiss*

*Human Resources Committee Members Absent: Allyson Lueneburg*

*Other Board Members Present: Duane Benson; Dan McElroy; James Van Houten*

*Leadership Council Committee Members Present: Anne Temte, President, Northland Community and Technical College; Bill Tschida, Vice Chancellor for Human Resources*

The Minnesota State Colleges and Universities Human Resources Committee held its committee meeting on Wednesday, June 17, 2009, at Wells Fargo Place, 4<sup>th</sup> Floor, Board Room, 30 Seventh Street East, in St. Paul. Chair Grendahl called the meeting to order at 9:15 a.m.

**1. MINUTES OF MAY 19, 2009**

*Chair Grendahl called for the motion to approve the minutes of the Human Resources Committee meeting on May 19, 2009. They were moved, seconded and passed without dissent.*

**2. MINUTES OF MAY 27, 2009**

*Chair Grendahl called for the motion to approve the minutes of the Human Resources Committee meeting on May 27, 2009. They were moved, seconded and passed without dissent.*

**3. PROPOSED BOARD POLICY 4.11 BOARD EARLY SEPARATION INCENTIVE PROGRAM (FIRST READING)**

Vice Chancellor Tschida provided background information on the proposed policy, Board Early Separation Incentive Program. He pointed out that the Board is required to hold a public hearing which is scheduled later today. This incentive is intended as a temporary vehicle to assist the system in reducing future costs by providing additional separation incentives to employees who meet certain conditions. The statute expires in June, 2014, and the policy is designed to sunset at the same time. It is anticipated that this incentive would be used primarily in the new biennium, especially in the upcoming fiscal year. It is viewed as a vehicle to reduce costs prior to the 2012-13 biennium, when we expect even greater budget reductions.

Presidents may use stimulus funding or other college or university funding sources to cover the cost of the incentives. Incentives of this nature must be voluntary for the employee. While the president or chancellor will make final determinations as to where incentives will be used, it will apply only if the employee agrees to the proposed terms. Some bargaining groups already have retirement incentives available. Additional details concerning the use and amounts of incentives and identifying the economic basis for

incentive decisions will be addressed in a system procedure to avoid problems under the ADEA (American Discrimination in Employment Act), which prohibits age discrimination. Each college and university, as well as the Office of the Chancellor, will need to carefully assess the economic conditions that would merit providing an incentive, and whether there are more cost-effective ways to achieve budget reductions.

Trustee McElroy referred to a prior legislative auditor's report that pertained to early retirement incentives and suggested that it would be helpful to read prior to the proposed policy's second reading. Vice Chancellor Tschida offered to find the report and provide copies to the trustees.

President Edna Szymanski, Minnesota State University Moorhead, spoke in favor of the proposed policy.

It is anticipated that the proposed policy will be ready for approval at the Board meeting in July.

Meeting adjourned at 9:40 a.m.

Submitted by,  
Vicki Schoenbeck, Recorder

**MINNESOTA STATE COLLEGES AND UNIVERSITIES  
BOARD OF TRUSTEES  
HUMAN RESOURCES PUBLIC HEARING  
MEETING MINUTES  
June 17, 2009**

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**Human Resources Committee Members Present:** Ruth Grendahl, Chair, Cheryl Dickson, Jacob Englund, David Olson, David Paskach, Christine Rice, Scott Thiss

**Human Resources Committee Members Absent:** Allyson Lueneburg

**Other Members Present:** Louise Sundin, Scott Thiss, James Van Houten

**Leadership Council Committee Members Present:** Anne Temte, President, Northland Community and Technical College; Bill Tschida, Vice Chancellor for Human Resources

The Minnesota State Colleges and Universities Board of Trustees Human Resources Public Hearing was held at Wells Fargo Place, Board Room, 30 7<sup>th</sup> Street East, Saint Paul, on Wednesday, June 17, 2009, at 3:00 p.m. Chair Ruth Grendahl convened the meeting.

Chair Grendahl stated that proposed Policy 4.11, Board Early Separation Incentive Program, had its first reading at the Human Resources Committee earlier today. At that time, Trustee McElroy requested copies of a previous report by the Office of Legislative Audit regarding early retirement. That report from 1993 was distributed among the trustees prior to this public hearing. Chair Grendahl reviewed major points in the report. Following this, she announced that there were two individuals who requested to testify, and she asked them to come forward.

Chas Martin, field representative and higher education liaison for AFSCME, spoke about the issues in the policy and their effects on AFSCME employees. He commented specifically on the re-employment portion of the policy. The section on the health benefits for those 70 years of age and older had been a concern for AFSCME and was addressed during the draft of the policy.

Russ Stanton, director of government relations for the IFO, testified next. He spoke in favor of the proposed policy and expressed his appreciation for Minnesota State Colleges and Universities' support in helping to get the legislation passed.

Chair Grendahl acknowledged the efforts of the Human Resources and General Counsel staff who worked on the policy. Procedures will be drafted providing guidelines for the policy.

Meeting adjourned at 3:25 p.m.

Submitted by,  
Vicki Schoenbeck, Recorder

**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**

<b>BOARD ACTION</b>
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.

*Date of Presentation to the Board:*                      *June 17, 2009*  
*Date of Board Action:*                                      *July 22, 2009*  
*Date of Approval:*    *July 22, 2009*  
*Date of Implementation:*                                      *July 22, 2009*

BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES

<b>BOARD POLICY</b>		<b>4.11</b>	
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.

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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.~~ 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.~~ 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.  
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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.  
43

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

**Agenda Item Summary Sheet**

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

**Agenda Item:** Recognition of Presidential Years of Service

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

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

To recognize ten years of presidential service for two presidents

**Scheduled Presenter(s):**

James McCormick, Chancellor  
Lori Lamb, Vice Chancellor for Human Resources

**Outline of Key Points:**

Certificates will be presented to two presidents for their ten years of presidential service in the Minnesota State Colleges and Universities system. They are Keith Stover, President of South Central College, and Ron Thomas, President of Dakota County Technical College.

**Background Information:**

It is deemed important to recognize milestone years of presidential service. This recognition has been made annually at the July board meetings.

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

<b>INFORMATION ITEM</b>
RECOGNITION OF PRESIDENTIAL YEARS OF SERVICE

**BACKGROUND**

In keeping with the Office of the Chancellor’s practice of recognizing employees’ length of service, we have two presidents who have reached a milestone year of presidential service in our system. Certificates for ten years of presidential service will be presented at the Human Resources Committee Meeting to Keith Stover, President of South Central College, and Ron Thomas, President of Dakota County Technical College.

*Date presented to the Board: July 22, 2009*

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

**Agenda Item Summary Sheet**

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

**Agenda Item:** FY 2010 Human Resources Work Plan

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

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

Board committees were asked to include a discussion of their work plan for FY 2010.

**Scheduled Presenter(s):**

Lori Lamb, Vice Chancellor for Human Resources

**Outline of Key Points:**

The following are tentative topics for discussion in the Human Resources Committee in the new fiscal year:

- Board Early Separation Incentive Program
- Chancellor Transition Issues
- Chancellor's Evaluation Process
- Presidential Evaluation and Development
- Human Resources Infrastructure

**Background Information:**

Trustee Grendahl, Vice Chancellor Lamb and former Vice Chancellor Bill Tschida met to discuss a tentative work plan for the Human Resources Committee.

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

<b>INFORMATION ITEM</b>
FY 2010 HUMAN RESOURCES WORK PLAN

**BACKGROUND**

Trustee Grendahl, Vice Chancellor Lori Lamb, and former Vice Chancellor Bill Tschida met to discuss a work plan for the Human Resources Committee in the new fiscal year. The following were selected as tentative topics for discussion:

- Board Early Separation Incentive Program
- Chancellor Transition Issues
- Chancellor’s Evaluation Process
- Presidential Evaluation and Development
- Human Resources Infrastructure

*Date presented to the Board: July 22, 2009*

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