MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES

Agenda Item Summary Sheet

Committee:  Human Resources Committee  Date of Meeting:  June 17, 2009

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

☐ Proposed Policy Change  ☑ Approvals Required by Policy  ☐ Other Approvals  ☐ Monitoring

☐ Information

Cite policy requirement, or explain why item is on the Board agenda:
The 2009 legislative session authorized the Board of Trustees to implement a program of early separation incentives. Human Resources staff in the Office of the Chancellor prepared a draft framework for the Board Early Separation Incentive Program which is being proposed as a new board policy in its first reading.

Scheduled Presenter(s):
Bill Tschida, Vice Chancellor for Human Resources

Outline of Key Points:
- Purpose
- Definitions
- Eligibility
- Amount and Form of Incentive
- Other Separation Incentives
- Re-employment
- Report

Background Information:
Due to the necessity to expedite this program, solicitation for comments from constituent groups is still in progress. The Board is required to conduct a hearing, which has been scheduled at 3:00 p.m. on June 17, 2009. Also, they are required to post eligibility requirements on the Web site and notify selected members of the Legislature, steps which have been taken at this time.
BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD ACTION

Proposed Board Policy 4.11 Board Early Separation Incentive Program

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 prepared a draft framework for the Board Early Separation Incentive Program which then was discussed with the Leadership Council Human Resources Committee, followed by the full Leadership Council. The result of this process is the draft which is attached in the Board packet. Development of this draft policy has been expedited in order to make the program available for use as early as possible. Therefore, solicitation of input from constituent groups is still in progress. Human Resources staff are accepting comments through June 30, 2009.

The Board is required to conduct a hearing, which has been scheduled at 3:00 p.m. on June 17, 2009. Additionally, the Board is 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
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 137F.48 (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:

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

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.

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

1. Faculty and other employees with academic seasonal appointments must have completed ten consecutive semesters of employment with Minnesota State Colleges and Universities immediately prior to separation from employment. The ten consecutive semesters
includes any paid or unpaid leaves of absence, but does not include summer academic terms.

2. An administrator or other employee with a full year appointment must have five years of continuous employment, including any paid or unpaid leaves of absence, with Minnesota State Colleges and Universities immediately prior to separation.

3. Employees who have a combination of faculty, academic seasonal, and full year employment in the five years immediately prior to separation may meet the five year continuous service requirement if their employment history is reviewed and approved by the chancellor or designee as meeting the intent of the law and this policy.

Part 3. Eligibility.

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

Subpart B. Authority.

1. The president or chancellor has sole discretion over whether to provide a board early separation incentive.

2. Presidents may identify specific individual positions for elimination or replacement, or programs or departments for reduction or elimination. The chancellor may identify specific individual positions for elimination or replacement, or programs or departments within the office of the chancellor for reduction or elimination.

3. When identifying a potential recipient of a board separation incentive payment, the president or chancellor shall consider any other separation payments or incentives available to the employee.

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

1. The employee occupies a continuing position within Minnesota State Colleges and Universities;

2. The employee’s position is identified for elimination or replacement by the president or chancellor;

3. The employee is at least 55 years of age at the time of separation from employment;

4. The employee has completed at least five years of continuous service as provided in this policy;

5. The employee is in employment status at the time of separation from employment;

6. The employee is eligible for employer contributions for health and dental insurance premiums, whether or not the employee chooses to receive them;

7. The employee is making employee contributions to a mandatory system retirement plan immediately prior to the employee’s separation date; and

8. The employee was not previously offered a board early separation incentive under this policy.

Part 4. Amount and Form of Incentive. The president or chancellor shall determine the amount of the board early separation incentive and the separation date, subject to the limitations and requirements of this policy.
Subpart A. Maximum amount. The total cost of a board early separation incentive paid under this policy shall not exceed the employee’s annual base salary rate in effect at the time of separation.

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

1. To the health care savings account, to the extent that:
   a. The president or chancellor has made available board early separation incentive funding for the individual in accordance with this policy; and
   b. Projected health care insurance premiums from the date of separation to age 65 (age 70 for employees represented by AFSCME) would not otherwise be covered by the individual’s applicable collective bargaining agreement or compensation plan.

2. If the board separation incentive exceeds the amount necessary to meet the contribution in paragraph 1 of this part, payment shall be made in cash to the individual, due upon the individual’s separation from employment. A cash payment shall not exceed the lesser of:
   a. The amount of the board early separation incentive available to the individual after contributions made under 1, above; or
   b. The established statutory limit on cash payments.

3. If any portion of the identified board early separation incentive remains following allocation under paragraphs 1 and 2 above, the remainder shall be contributed to the individual’s health care savings plan.

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

Part 6. Re-employment. An employee who accepts and receives a board separation incentive pursuant to this policy shall not be re-employed or enter into a contract for services within Minnesota State Colleges and Universities, including its colleges, universities or the office of the chancellor, for at least one year following separation from employment, unless authorized by the chancellor or designee because of exigent circumstances facing the college, university, or office of the chancellor. Thereafter, employment of a recipient of a board early separation incentive is subject to Board Policy 4.6.

Part 7. Report. The chancellor shall establish annual reporting requirements concerning board early separation incentives paid, and annually shall submit a report to the board and legislature.

Date of Adoption: 7/22/09 [proposed]
Date of Implementation: 8/1/09
Date of Policy Expiration: 6/30/14