

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

Agenda Item Summary Sheet

Name: Human Resources Committee

Date: March 18, 2015

Title: Proposed Technical Amendment to Policy 4.11 Board Early Separation Incentive Program

Purpose (check one):

- | | | |
|--|---|---|
| <input checked="" type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input type="checkbox"/> Information | |

Brief Description:

The proposed technical amendment to Board Policy 4.11 will align with 2014 statutory change which authorized the early separation incentive program authority until June 30, 2019.

Scheduled Presenter(s):

Mark Carlson, Vice Chancellor for Human Resources

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

BOARD ACTION
PROPOSED TECHNICAL ADMENDMENT TO BOARD POLICY 4.11 BOARD EARLY SEPARATION INCENTIVE PROGRAM

1 **BACKGROUND**

2 Minnesota Statutes 136F.481 enacted in 2009 authorized the Board of Trustees to implement a
3 program of early separation incentives with authority to expire June 30, 2014. The proposed
4 technical amendment aligns with the 2014 statutory amendment change which authorized the
5 early separation incentive program authority until June 30, 2019.

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7 **RECOMMENDED COMMITTEE MOTION**

8 The Human Resources Committee recommends that the Board of Trustees adopt the following
9 motion: The Board of Trustees adopts proposed technical amendment to Board policy 4.11 to
10 align with statutory authority. Minn.Stat 136F.481 (j) which states, "The early retirement
11 incentive authority under this section expires on June 30, 2019."

12

13 **RECOMMENDED BOARD MOTION**

14 The Board of Trustees adopts proposed technical amendment to Board policy 4.11 to align with
15 statutory authority. Minn.Stat 136F.481 (j) which states, "The early retirement incentive
16 authority under this section expires on June 30, 2019."

17

18 *Date of Adoption:* 03/18/2015

19 *Date of Implementation:*

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

BOARD POLICY	4.11
Chapter 4	Human Resources
Section 11	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 early separation incentive is intended to supplement the range of budget management options available to the presidents and chancellor. Nothing in this policy shall be construed to create an employee right or entitlement to an early separation incentive.

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

13 **Part 3. Eligibility.**

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

16 **Subpart B. Authority.**

- 17 1. The president or chancellor has sole discretion over whether to provide a board early
18 separation incentive.
- 19 2. Presidents may identify positions at their college or university for elimination or
20 replacement. The chancellor may identify positions for elimination or replacement within
21 the system office.

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

- 24 1. The employee occupies a continuing position within Minnesota State Colleges and
25 Universities at the time of separation from employment;
- 26 2. The employee's position is identified for elimination or replacement by the president or
27 chancellor;
- 28 3. The employee is at least 55 years of age at the time of separation from employment;
- 29 4. The employee has completed at least five years of continuous service as provided in this
30 policy;
- 31 5. The employee is eligible for employer contributions for health and dental insurance
32 premiums, whether or not the employee chooses to receive them; and
- 33 6. The employee voluntarily accepts the board early separation incentive and signs a
34 statement indicating his or her voluntary acceptance of the board early separation
35 incentive and the date of the separation from employment.

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

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

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

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

20 **Subpart C. Notice Period.** An employee shall be provided not fewer than 21 calendar days to
21 consider whether to accept a board early separation incentive.

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

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

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

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36 *Date of Adoption:* 07/22/09
37 *Date of Implementation:* 08-01/09
38 *Date of Policy Expiration:* ~~06/30/14~~ 6/30/19