



MINNESOTA STATE

Board of Trustees

AGENDA ITEM SUMMARY

NAME: Workforce and Organizational Effectiveness Committee

DATE: April 16, 2025

TITLE: Proposed Amendment to Board Policy 4.11 Board Early Separation Incentive Program (Second Reading)

☒ Action

☐ Review and Discussion

☒ *This item is required by policy*

PRESENTERS

Eric Davis, Vice Chancellor for Human Resources

PURPOSE

Board Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration, Part 6. Board Policies and System Procedures requires board review and approval of proposed board policy changes and that each board policy is reviewed at least once every five years.

BACKGROUND INFORMATION

The policy is being reviewed and updated as part of the 5-year cycle and to include additional information to clarify the Early Separation Incentive Program. Throughout the policy, outdated language was deleted or replaced with current and more accurate terminology.

Primary changes within the policy:

In Part 1 – Purpose

The purpose language has been made more concise, clarifying that Early Separation Incentives are implemented at the appointing authorities level.

In Part 2 – Definitions

A definition for Appointing Authority was added and Minnesota State terminology updated.

In Part 3 – Eligibility

Subpart A. Intent

Clarifies that a written plan establishing criteria for early incentive must be designed to meet the purposes of the policy and approved by the Vice Chancellor for Human Resources and the Vice Chancellor for Finance and Facilities.

Subpart B. Authority

This section was updated to clarify that including additional work-related criteria to an early

separation incentive plan is authorized by the policy.

Subpart C. Employee Eligibility

Language updated to include presidents or chancellor may specify additional objective, work related criteria to identify groups of employees within which early separation incentive maybe be offered to eligible employees.

Part 4. Amount and Form of Incentive

Subpart A is clarified to focus on the maximum amount of the benefit authorized.

Subpart B is expanded to permit alternative approaches to allocation of the early separation incentive between the health care savings plan and a cash benefit.

Subpart C. Simultaneous and Overlapping Plans Prohibited

Subpart C is a new section added to clarify when plans can be offered to avoid the appearance that employees can elect their preferred allocation method under Part 4.

Subpart D. Notice Period

The lettering of this subpart was updated for the newly added Subpart C.

The 30-day comment period concludes on April 9, 2025. These comments will be considered prior to the second reading in April where we will ask for approval of this proposed amendment.

RECOMMENDED ACTION (SECOND READING DRAFT)

The Workforce and Organizational Effectiveness Committee recommends that the Board of Trustees approve the proposed amendment to Policy 4.11 Board Early Separation Incentive Program.

Date Presented to the Workforce and Organizational Effectiveness Committee: 03/18/25

Date Presented to the Board of Trustees: Second reading – action taken. 04/16/25

Date of Implementation: 4/16/25

~~Single Strikethrough~~ – proposed deletion of current language

Single Underlining – proposed new language

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~~ To allow appointing authorities to encourage early separation of ~~selected~~ employees who satisfy stated eligibility criteria from employment with Minnesota State Colleges and Universities, in order to:

- Reduce salary and benefit obligations in anticipation of reduced ~~state~~operating funding;
- Reallocate resources to departments and programs in response to changing needs or strategic objectives; or
- Achieve other cost savings or efficiencies.

~~The~~is early separation incentive is intended to supplement the range of budget management options available to the presidents and chancellor. Nothing in this policy ~~must~~shall be construed to create an employee right or entitlement to an early separation incentive.

~~Part 2. Definitions.~~

Appointing Authority

For purposes of this policy, an appointing authority is the president of a college or university, or the chancellor for the system office, who may offer an early separation incentive to selected employees.

~~Subpart A. Board e~~Early separation incentive.

~~Board early separation incentive means t~~he 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 a~~An employment position of a classified or unclassified employee of Minnesota State ~~Colleges and Universities~~ that:

- ~~1-a.~~ a. Has no specified end-date and is occupied by an employee with tenure, probationary, non-tenure track, or permanent status; or
- ~~a-b.~~ b. Is an unclassified position occupied by an at-will employee on other than a temporary, interim or acting basis.
- ~~2-c. Does not include~~ 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 f~~ive years of continuous employment service with Minnesota State

~~Colleges and Universities~~ that meets one of the following:

- ~~1.a.~~ Non-faculty employees with academic seasonal appointments and faculty members 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.b.~~ 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.c.~~ 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~~ written plan establishing the criteria for early separation incentives to be offered to some or all employees of a college, university, or the system office must~~shall~~ be ~~approved~~approved by the Vice Chancellor for Human Resources and Vice Chancellor for Finance and Facilities and authorized by a president or the chancellor. The written plan must be ~~only if the incentive is~~ designed to meet ~~the intent and one or more~~ purposes of this policy.

Subpart B. Authority-

1. The president or chancellor has sole discretion over whether to provide ~~an-board~~ early separation incentive.
2. Presidents or the chancellor may identify objective work-related criteria and the number of employees that meet such criteria that may be offered an early separation incentive positions at their college or university for elimination or replacement at the appointing authority with goal of encouraging voluntary separations by such employees. ~~The chancellor may identify positions for elimination or replacement within the system office.~~

Subpart C. Employee eligibility-

An employee may be provided ~~an-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~~ at the time of separation from employment;
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 eligible for employer contributions for health and dental insurance premiums, whether or not the employee chooses to receive them; and
6. The employee voluntarily accepts the ~~board~~ early separation incentive and signs a statement indicating his or her voluntary acceptance of the ~~board~~ early separation incentive and the date of the separation from employment.

In addition to the foregoing, the president or chancellor may specify additional objective, work-related criteria (e.g., classification, credential field, discipline, work area, etc.) to identify groups of employees within which an early separation incentive may be offered to eligible employees.

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 value~~ of an ~~board~~ early separation incentive paid under this policy ~~must~~shall not exceed the employee's annual base salary rate in effect at the time of separation. When determining the amount of an ~~board~~ early separation incentive, the president or chancellor shall consider any other separation payments or incentives available to affected employees.

Subpart B. Allocation of incentive--

The ~~board~~ early separation incentive ~~must~~shall be allocated ~~between health care savings plan contributions and cash payments as follows as provided in paragraphs 1 and 2 of this subpart, or alternatively as provided in paragraph 3 of this subpart:~~

1. To the health care savings plan account, to the extent that:

- 1.a. The president or chancellor has made available ~~board~~ early separation incentive funding for the individual in accordance with this policy; and

- 2.b. Projected health care insurance premiums from the date of separation to age 70 (age 65 for faculty members represented by the Inter Faculty Organization and the Minnesota State College Faculty) would not otherwise be covered by the individual's applicable collective bargaining agreement or compensation plan.

2. If the ~~board-early~~ separation incentive exceeds the amount necessary to meet the contribution in paragraph 1 of this part, payment ~~must~~shall be made in cash to the individual. A cash payment ~~must~~shall not exceed the lesser of:

- 1.a. The amount of the ~~board~~ early separation incentive available to the individual after contributions made under 1, above; or

- 2.b. The established limitations on cash payments in Minn.~~esota~~ Stat~~utes sections~~utes §§ 136F.481 and 43A.17, Subd. 11.

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

3. The written plan may provide for one of the following predetermined allocations of the early separation incentive between a cash payment and contribution to the health care savings plan account. These allocations will be applicable to all awards made pursuant to the written plan:

- a. 100% paid in cash;

- b. 75% paid in cash and 25% paid to the health care savings plan;

- c. 50% paid in cash and 50% paid to the health care savings plan;

- d. 25% paid in cash and 75% paid to the health care savings plan; or

- e. 100% paid to the health care savings plan.

Subpart C. Simultaneous and Overlapping Plans Prohibited

An appointing authority may only establish one early notice incentive plan at any given time. No

[plan may be offered sooner than three months following the final date for employee acceptance of an early separation incentive in plan previously established by an appointing authority.](#)

Subpart ~~CD~~. Notice Period-

An employee ~~must~~**shall** be provided not fewer than 21 calendar days to consider whether to accept an ~~an board~~ early separation incentive.

Part 5. Other Separation Incentives-

The receipt of an ~~an board~~ early separation incentive under this policy ~~must~~**shall** not affect an employee's eligibility, if any, for severance pay, early separation incentives, early notice of retirement incentives, or other separation payments available to the employee.

Part 6. Re-employment-

An employee who accepts and receives an ~~an board~~ early separation incentive pursuant to this policy ~~must~~**shall** not be re-employed or enter into a contract for services within Minnesota State, ~~Colleges and Universities~~, including its colleges, universities or the system office, 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 system office. Thereafter, employment of a recipient of an ~~an board~~ early separation incentive is subject to Board Policy 4.6 [Re-Employment of Early Retirees](#).

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.

Related Documents:

- [Board Policy 4.6](#) Re-Employment of Early Retirees

To view any of the following related statutes, go to the [Revisor's Office website](#). You can conduct a search from this site by typing in the statute number.

- Minnesota Statute 136F.481 [Early Separation Incentive Program](#)
- Minnesota Statute 136F.40 [Appointment of Personnel](#)
- Minnesota Statute 43A.17 [Salary Limits, Rates, Ranges and Exceptions](#), Subd. 11 [Severance pay for certain employees](#)

Policy History:

Date of Adoption: 07/22/09

Date of Implementation: 08/01/09

Date of Last Review: [07/01/2019](#)

Date & Subject of Amendments:

[Xx/xx/xx – Full review, add summary](#)

07/01/19 – Minn.Stat 136F.481 was amended to remove the expiration date for the early retirement incentive authority.

03/18/15 - technical amendment to the expiration date to align with statutory authority. Minn.Stat 136F.481 (j) which states, "The early retirement incentive authority under this section expires on June 30, 2019."

183 11/16/11 - Effective 1/1/12, the Board of Trustees amends all board policies to change the term
184 "Office of the Chancellor" to "system office," and to make necessary related grammatical
185 changes.

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187 No additional HISTORY

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