



MINNESOTA STATE
Board of Trustees

AGENDA ITEM SUMMARY

NAME: Workforce and Organizational Effectiveness
Committee

DATE: March 18, 2025

TITLE: Proposed Amendment to Board Policy 4.11 Board Early
Separation Incentive Program (First 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 Throughout the policy, outdated language was deleted or replaced with current and more accurate terminology.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 (FIRST 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: First reading – no action taken.

Date of Implementation: TBD

PROPOSED CHANGES (FIRST READING DRAFT)

~~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~~ 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~~ 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 a~~ 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.

- 38 3. ~~Does not include~~ ~~is not held by~~ an at-will employee with an individual employment
39 agreement under Minnesota Statutes § 136F.40.

40
41 **Subpart C. Continuous service.**

42 ~~Continuous service means~~ five years of continuous employment service with Minnesota
43 State ~~Colleges and Universities~~ that meets one of the following:

- 44 1. Non-faculty employees with academic seasonal appointments and faculty members
45 must have completed ten consecutive semesters of employment with Minnesota
46 State ~~Colleges and Universities~~ immediately prior to separation from employment.
47 The ten consecutive semesters includes any paid or unpaid leaves of absence, but
48 does not include summer academic terms.
- 49 2. An administrator or other employee with a full year appointment must have five
50 years of continuous employment, including any paid or unpaid leaves of absence,
51 with Minnesota State ~~Colleges and Universities~~ immediately prior to separation.
- 52 3. Employees who have a combination of faculty, academic seasonal, and full year
53 employment in the five years immediately prior to separation may meet the five
54 year continuous service requirement if their employment history is reviewed and
55 approved by the chancellor or designee as meeting the intent of the law and this
56 policy.

57
58 **Part 3. Eligibility.**

59
60 **Subpart A. Intent.**

61 A ~~board written plan establishing the criteria for~~ early separation incentives ~~to be offered to~~
62 ~~some or all employees of a college, university, or the system office must~~ ~~shall~~ be
63 ~~approved~~ approved by the Vice Chancellor for Human Resources and Vice Chancellor for
64 Finance and Facilities and authorized by a president or the chancellor. The written plan
65 must be ~~only if the incentive is~~ designed to meet ~~the intent and~~ one or more purposes of
66 this policy.

67
68 **Subpart B. Authority.**

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

77
78 **Subpart C. Employee eligibility.**

79 An employee may be provided a ~~n-board~~ early separation incentive only if all of the
80 following conditions are met:

- 81 1. The employee occupies a continuing position within Minnesota State ~~Colleges and~~
82 ~~Universities~~ at the time of separation from employment;
- 83 2. The employee's position is identified for elimination or replacement by the president
84 or chancellor;
- 85 3. The employee is at least 55 years of age at the time of separation from employment;
- 86 4. The employee has completed at least five years of continuous service as provided in
87 this policy;
- 88 5. The employee is eligible for employer contributions for health and dental insurance
89 premiums, whether or not the employee chooses to receive them; and
- 90 6. The employee voluntarily accepts the ~~board~~ early separation incentive and signs a
91 statement indicating his or her voluntary acceptance of the ~~board~~ early separation
92 incentive and the date of the separation from employment.

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

97 98 **Part 4. Amount and Form of Incentive.-**

99 The president or chancellor shall determine the amount of the ~~board~~ early separation incentive
100 and the separation date, subject to the limitations and requirements of this policy.

101 102 **Subpart A. Maximum amount.-**

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

107 108 **Subpart B. Allocation of incentive.-**

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

- 112 1. To the health care savings plan account, to the extent that:
 - 113 a. The president or chancellor has made available ~~board~~ early separation incentive
114 funding for the individual in accordance with this policy; and
 - 115 b. Projected health care insurance premiums from the date of separation to age 70
116 (age 65 for faculty members represented by the Inter Faculty Organization and
117 the Minnesota State College Faculty) would not otherwise be covered by the
118 individual's applicable collective bargaining agreement or compensation plan.

- 119 2. If the ~~board-early~~ separation incentive exceeds the amount necessary to meet the
120 contribution in paragraph 1 of this part, payment ~~mustshall~~ be made in cash to the
121 individual. A cash payment ~~mustshall~~ not exceed the lesser of:
- 122 a. The amount of the ~~board-early~~ separation incentive available to the
123 individual after contributions made under 1, above; or
 - 124 b. The established limitations on cash payments in Minn.~~esota~~ Stat.~~utes~~
125 ~~sections~~ §§ 136F.481 and 43A.17, Subd. 11.
 - 126 c. If any portion of the identified ~~board-early~~ separation incentive remains
127 following allocation under paragraphs 1 and 2 above, the remainder
128 ~~mustshall~~ be contributed to the individual's health care savings plan.
- 129 3. The written plan may provide for one of the following predetermined allocations of
130 the early separation incentive between a cash payment and contribution to the
131 health care savings plan account. These allocations will be applicable to all awards
132 made pursuant to the written plan:
- 133 a. 100% paid in cash;
 - 134 b. 75% paid in cash and 25% paid to the health care savings plan;
 - 135 c. 50% paid in cash and 50% paid to the health care savings plan;
 - 136 d. 25% paid in cash and 75% paid to the health care savings plan; or
 - 137 e. 100% paid to the health care savings plan.

138
139 **Subpart C. Simultaneous and Overlapping Plans Prohibited**

140 An appointing authority may only establish one early notice incentive plan at any given
141 time. No plan may be offered sooner than three months following the final date for
142 employee acceptance of an early separation incentive in plan previously established by an
143 appointing authority.

144
145 **Subpart CD. Notice Period-**

146 An employee ~~mustshall~~ be provided not fewer than 21 calendar days to consider whether to
147 accept an ~~n board-early~~ separation incentive.

148
149 **Part 5. Other Separation Incentives-**

150 The receipt of an ~~n board-early~~ separation incentive under this policy ~~mustshall~~ not affect an
151 employee's eligibility, if any, for severance pay, early separation incentives, early notice of
152 retirement incentives, or other separation payments available to the employee.

153
154 **Part 6. Re-employment-**

155 An employee who accepts and receives an ~~n board-early~~ separation incentive pursuant to this
156 policy ~~mustshall~~ not be re-employed or enter into a contract for services within Minnesota
157 State, ~~Colleges and Universities~~, including its colleges, universities or the system office, for at
158 least one year following separation from employment, unless authorized by the chancellor or
159 designee because of exigent circumstances facing the college, university, or system office.

160 Thereafter, employment of a recipient of an ~~an board~~ early separation incentive is subject to Board
161 Policy 4.6 [Re-Employment of Early Retirees](#).

162

163 **Part 7. Report-**

164 The chancellor shall establish annual reporting requirements concerning ~~board~~ early separation
165 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."

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

No additional HISTORY