

# **Voluntary Separation Program**

Legal/Contract Requirements

Board of Regents Retreat

March 9-10, 2012

# Voluntary Separation Program

## Legal/Contract Requirements

- Law requires that early retirement/separation programs must be completely voluntary.
- TSU tenured faculty members who desire to participate in the Voluntary Separation Program (VSP) would be required to submit a signed application during a minimum 45 day period established by the University.
- A minimum 45 day period to consider the program is being provided to faculty in order to ensure compliance with the Older Workers Benefit Protection Act (OWBPA).
- TSU would retain the discretion to accept or reject any application.

# Voluntary Separation Program

## Criteria for Rejection

Criteria currently being considered for rejecting applicants include the following:

- The faculty member is on an approved development leave during the academic year.
- The faculty member is the principal investigator on an external grant or contract that extends beyond the proposed separation date, and the faculty member is unable to satisfactorily reassign his or her commitment to another TSU faculty member.
- The faculty member has given or been served with notice to terminate his/her TSU employment.
- TSU determines that the faculty member's participation in the VSP would not result in a net benefit to the University (e.g. no budget savings due to high cost of re-placing the faculty member).
- Funds allocated for the VSP have been exhausted, by the University, College/School or Department.

# Voluntary Separation Program

## Voluntary Separation and Release of Claims Agreement

If TSU approves the faculty member's VSP application, the faculty member would be required to sign a "Voluntary Separation and Release of Claims Agreement"

# Voluntary Separation Program

## Voluntary Separation and Release of Claims Agreement

The Voluntary Separation and Release of Claims Agreement would include provisions which provide for the faculty member's:

- voluntary separation/retirement from TSU on a specified date;
- relinquishment of their tenured faculty status;
- waiver/release of all claims he/she has or may have against TSU, its regents, officers, employees and agents, arising from their employment with, separation from, or other dealing with TSU; and
- dismissal of any pending internal complaints and grievances he/she may have against TSU.

# Voluntary Separation Program

## Older Workers Benefit Protection Act (OWBPA)

In consideration for the faculty member's resignation, relinquishment of tenure, and waiver of all pending claims and complaints, the Agreement would provide for TSU making a lump sum payment to the faculty member as required by the Older Workers Benefit Protection Act (OWBPA), the Agreement must include provisions that:

# Voluntary Separation Program

## Older Workers Benefit Protection Act (OWBPA)

- Advise the faculty member that their waiver/release of claims against TSU, specifically includes the waiver/release of claims arising under the Age Discrimination in Employment Act;
- Clarify that the faculty member is not waiving rights or claims that arise after the date he or she signs the Agreement;
- Advise the faculty member that he/she should consult an attorney prior to signing the Agreement; and
- Inform the faculty member that he/she has seven calendar days to change his or her mind and revoke the Agreement in writing.

# Voluntary Separation Program

## Assumptions: Eligibility/Timing & Funding

### **Eligibility:**

- Retirement Eligible Tenured Faculty - Years of Service Plus Age Greater than or Equal to 80.

### **Timing and Funding:**

- Election is effective September 1, 2012.
- Incentive Calculations are based upon the approved/funded salary for the position.
- Incentive will be funded from the budgeted faculty position for fiscal year 2013 (9/1/2012 Salary).
- Remaining annual salary budget is to be used for ensuring adequate classroom instruction for fiscal year 2013.
- Maximum salary funding available for FY2014 (September 1, 2013) will be equal to the beginning salary funding for FY2013.
- Taxes will be deducted from the payment.
- Payment is a lump sum amount, benefits are not paid on the amount.

# Voluntary Separation Program

## Overall Budget Impact

- This program will generate budget savings, or at least be budget neutral;
- Some positions will have to be replaced while others should be eliminated;
- No College will be provided additional funding to hire new faculty at a higher rate as a replacement;
- It may be necessary within a college to use salary budget from a vacated position to fund a replacement in another vacant position; and
- Plans for addressing low producing programs should be considered during this process

# Voluntary Separation Program

## Scenario 1: Incentive Equal 50% of Salary

	FY2013 Annual Salary	Incentive Amount	FY2013 Remainig Budget	Maximum FY2014 Salary Budget
Faculty member	120,000	60,000	60,000	
Faculty member	80,000	40,000	40,000	
Faculty member	60,000	30,000	30,000	
Faculty member	48,000	24,000	24,000	
	308,000	154,000	154,000	308,000

# Voluntary Separation Program

Scenario 2: Incentive Equal the Greater of 50% of Salary or \$30,000

	FY2013 Annual Salary	Incentive Amount	FY2013 Remainig Budget	Maximum FY2014 Salary Budget
Faculty member	120,000	60,000	60,000	
Faculty member	80,000	40,000	40,000	
Faculty member	60,000	30,000	30,000	
Faculty member	48,000	30,000	18,000	
	308,000	160,000	148,000	308,000

# Voluntary Separation Program

Scenario 3: Incentive Equal the Greater of 50% of Salary or \$50,000  
(NOT to Exceed Annual Salary)

	FY2013 Annual Salary	Incentive Amount	FY2013 Remainig Budget	Maximum FY2014 Salary Budget
Faculty member	120,000	60,000	60,000	
Faculty member	80,000	50,000	30,000	
Faculty member	60,000	50,000	10,000	
Faculty member	48,000	48,000		
	<hr/> 308,000	208,000	100,000	308,000 <hr/>