Board Policy 4.11 Board Early Separation Incentive Program

Part 1. Purpose

To allow appointing authorities to encourage early separation of 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 operating funding;
- Reallocate resources to departments and programs in response to changing needs or strategic objectives; or
- Achieve other cost savings or efficiencies.

The early separation incentive is intended to supplement the range of budget management options available to the presidents and chancellor. Nothing in this policy must 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.

Early separation incentive

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.

Continuing position

An employment position of a classified or unclassified employee of Minnesota State that:

a. Has no specified end-date and is occupied by an employee with tenure, probationary, non-tenure track, or permanent status; or
b. Is an unclassified position occupied by an at-will employee on other than a temporary, interim or acting basis.
c. Does not include an at-will employee with an individual employment agreement under Minn. Stat. § 136F.40.

Continuous service
Five years of continuous employment service with Minnesota State that meets one of the following:

a. Non-faculty employees with academic seasonal appointments and faculty members must have completed ten consecutive semesters of employment with Minnesota State 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.
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 immediately prior to separation.
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 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 be 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 designed to meet one or more 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 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 at the appointing authority with goal of encouraging voluntary separations by such employees.

Subpart C. Employee eligibility
An employee may be provided an early separation incentive only if all of the following conditions are met:
1. The employee occupies a continuing position within Minnesota State 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 early separation incentive and signs a statement indicating his or her voluntary acceptance of the 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 early separation incentive and the separation date, subject to the limitations and requirements of this policy.

Subpart A. Maximum amount

The total value of an early separation incentive paid under this policy must not exceed the employee's annual base salary rate in effect at the time of separation. When determining the amount of an 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 early separation incentive must be allocated 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:
    a. The president or chancellor has made available 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 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 early separation incentive exceeds the amount necessary to meet the contribution in paragraph 1 of this part, payment must be made in cash to the individual. A cash payment must not exceed the lesser of:
    a. The amount of the early separation incentive available to the individual after contributions made under 1, above; or
    b. The established limitations on cash payments in Minn. Stat.§§ 136F.481 and 43A.17, Subd. 11.

   c. If any portion of the identified early separation incentive remains following allocation under paragraphs 1 and 2 above, the remainder must 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 D. Notice Period
An employee must be provided not fewer than 21 calendar days to consider whether to accept an early separation incentive.

Part 5. Other Separation Incentives
The receipt of an early separation incentive under this policy must 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 early separation incentive pursuant to this policy must not be re-employed or enter into a contract for services within Minnesota State, 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 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 early separation incentives paid, and annually 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

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Policy History:

Date of Adoption: 07/22/09
Date of Implementation: 08/01/09
Date of Last Review: 04/16/25

Date and Subject of Amendments:

04/16/25 – Full review. Amendments 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.

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.”

Additional HISTORY.