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# Classified Employee Voluntary Separation or Retirement Incentive Plan 2019-2021 Biennium

*Union Agreement*
This classified employee Voluntary Employee Separation or Retirement Incentive (this “VESI” or “Plan”) is developed in accordance with Article 43.26 of the Collective Bargaining Agreement. This Plan was also approved by the state Office of Financial Management for the 2019-2021 Biennium as described below.

*Contingency*
The District’s ability to offer this VESI is subject to approval by the state’s Office of Financial Management (“OFM:). This plan is being offered under the approval and specific guidelines issued by OFM in 2019 and revised in May 2020.

*Purpose:*
The purpose of this VESI is to reduce the District and its colleges’ personnel related expenses, in response to reductions in funding and the related potential needs for structural reorganization.

This VESI is a management tool and is not an employee right or benefit. No employee will have a contractual right to a financial incentive offered through this Plan.

*Guiding Principles*
Positions shall be strategically identified to avoid disruption of services while maximizing the use of the District’s human capital. The District may offer separation incentives, based on a legitimate business need, to qualified employees, and consistent with these guiding principles.

- Incentives shall be used to meet a legitimate business need as identified by the District.
- Incentives may be offered only to employees meeting the minimum eligibility requirements as outlined in the Plan.
- Incentives may not exceed the amount identified in the OFM guidelines, 25,0000$. All incentive costs must be recovered through salary expenditure savings within two years of implementing this Plan.
- Acceptance of any incentive payment is entirely voluntary.
- Incentive options shall not be targeted on the basis of individual or personal factors.

*Key Terms*
As used in this Plan, the terms below have the following meaning, consistent with the current collective bargaining agreement.

1. *Permanent Classified*: Non-probationary with permanent status or having reversion rights into permanent classified status.

2. *Years of Service:* Includes all time in permanent status as described above. Probationary status will count towards years of service if the employee otherwise meets the definition of permanent status as described above.

3. *Eligible to Retire:* An employee who is a member of a state retirement system and must have already been eligible for normal retirement for at least 12 months.

*Plan Eligibility*

This VESI is open to all Permanent Classified employees employed by the District who have at least three Years of Service, are employed in a position primarily funded by state funds, and are not otherwise ineligible as outlined below.

This VESI is not available to otherwise eligible employees who:

a. are receiving a pension benefit under a state pension plan administered by the Department of Retirement Systems or a higher education retirement plan;

b. have already tendered a notice of resignation to the District or made a retirement announcement before the announcement of this Plan; OR

c. is subject to a pending disciplinary action with the potential for involuntary termination, including matters under appeal.

*Incentive Amount*

Employees who separate or retire from their employment with the District under this VESI will receive an incentive payment based on their years of service with the District. The amount of the incentive payment will be equal to the corresponding percentage of their 2020-2021 annual base salary, up to a maximum amount of $25,000. This annual base pay amount will include any "across the board" regional pay authorized by the Legislature for Classified employees, but excludes any other additional incentives including, but not limited to, pay for temporary assignments/duties, scheduled/anticipated overtime, etc.

| Years of Service with the Seattle Colleges District | | Separation Payment (as a percentage of 2020-2021 annual base salary) |
|---|---|---|
| At least | But not more than | |
| 0 years | 3 years | 00.0% |
| 3 years | 4 years | 10.0% |
| 4 years | 6 years | 15.0% |
| 6 years | 8 years | 20.0% |
| 8 years | 11 years | 25.0% |
| 11 years | 14 years | 30.0% |
| 14 years | 17 years | 35.0% |
| 17 years | 21 years | 40.0% |
| 21 years | 25 years | 45.0% |
| 25 years | or greater | 50.0% |

*Program Availability & Timeline*
The District will initially accept notices of interest to participate in this Plan from August 10, 2020 until August 31, 2020. The District will review applications and give written notice to employees who qualify for participation in this Plan no later than September 18, 2020. Employees will have forty-five (45) days to consider and accept the formal offer by the District to voluntarily separate or retire under this Plan.

*Payout*
Incentive payments will be in the form of a lump sum payment less required withholding.

Unused leave accruals will also be paid out in a manner consistent with the generally applicable provisions of the Collective Bargaining Agreement.

Any payments and will not be included as retirement plan contribution or otherwise will not be considered income for retirement (average final compensation) purposes.

Payments will be made within thirty days of the employee's last day of employment.

*Program Participation, Acceptance, & Written Agreement*
Employees interested in participating in the program will submitting a signed notice of interest to participate in the program, on a designated form, no later than August 31, 2020, with an effective date for their separation no later than November 2, 2020.

The designated form will, at a minimum, indicate that the employee's request to participate in this Plan is entirely voluntary and that they fully understand the re-employment and other restrictions of this Plan.

The District will review applications and give written notice to employees who qualify for participation in this Plan no later than September 18, 2020. Employees will have forty-five (45) days to consider and accept the formal offer by the District to voluntarily separate or retire under this Plan. The written notice to the employee will include a formal separation agreement for the employee to consider and sign upon their acceptance. This notice will also be considered an offer by the District to accept the employee's resignation under the terms of the Plan.

Under limited circumstances an employee's appointing authority, may decline to accept an employee's signed notice of interest to participate in the program. In such circumstances, the District will notify the employee in writing that they have declined to formally offer the employee to participate in the Plan. This decision will be made for objective documented reasons, and may not be used to target specific individuals or on the basis of any personal factors. These circumstances include, but are not limited to:

- in order to retain positions, occupations, and skills that are key to achieving the District's mission and priorities;
- in order to ensure adequate levels of continuing services in needed occupations;
- ability to eliminate the function/service performed;

- ability to provide the service/function in a different manner;
- ability to merge the service/function with other services/functions;
- known difficulty, including cost to replace, in replacing an employee with particular skills;
- risk management or compliance concerns;
- potential disruption to District operations, including revenue generation, due to overall loss of experienced employees; AND
- the overall costs of providing the incentives outweigh the projected cost savings.

Acceptance of the District's offer by the employee as part of this Plan must include signing a separation agreement and delivering it to the District no later than the effective date of the employee's separation. If signed separation agreement is not returned to the District by the deadline, the District's offer to participate in this Plan will be withdrawn and the employee's offer to separate considered rescinded. After acceptance has been completed, employees will have seven (7) days within which to rescind their acceptance, after which the acceptance is irrevocable.

*Re-employment & Retirement*
Employees who accept separation (not retirement) incentives agree to not retire from a state retirement system until the earlier of (1) five years after separation, or (2) 12 months after they reach eligibility for normal retirement. Employees accepting a separation incentive will be asked to sign an acknowledgement of this provision. This provision does not apply to employees retiring under the State Board Retirement Plan (TIAA).

An employee who separates or retires from the District under this Plan will not be eligible for placement on any reduction-in-force (RIF) list.

Following a separation or retirement payment under this Plan, any employee who returns to state service in five or fewer years (as an employee or contractor) must repay the incentive payment. An exception or partial exception to this provision may be granted, provided the new agency seeking to hire the former employee has sought and gained approval from the OFM director prior to the date of hire. Such exceptions are evaluated on their potential benefit to the state. However, such approvals are infrequent. Employment with a local government jurisdiction or school district, or work as an unpaid volunteer, does not trigger the repayment requirements.

*Health Care Premium Payments Incentive –*
An employee may elect to have all or part of their incentive payment deposited into an account at the Health Care Authority (HCA) and the HCA will credit the monthly premium cost for health care coverage against that account. The monthly premium will be determined by the health care plan selected, the number of individuals covered, and the current insurance rates in effect for each month of coverage. This option will be covered by PEBB and/or COBRA rules, where applicable. Any excess monies will be returned to the employee by Health Care Authority.

*Unemployment*
Employees who accept a voluntary employment separation incentive option will be ineligible for unemployment compensation.

*Reporting & State Oversight*
The District will provide a final report to the Legislature and OFM by July 30, 2021 on the outcomes or anticipated outcomes of this Plan. This report will include, at a minimum, details regarding the Plan, changes in service delivery, District efficiencies, the incentive cost per participant, the total cost of the Plan to the state, and the projected/actual net dollar savings.

The District will also submit quarterly reports, as required, to OFM and the Department of Retirement Services.

*Contacts & Additional Information*
For further details or clarification on this Voluntary Employee Separation Incentive, and/or to determine your eligibility, please contact your college Human Resources Administrator:

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