

Voluntary Separation Incentive Program (VSIP) at Western Kentucky University Official Document

Section 1: Introduction, Purpose and General Description

WKU is implementing a Voluntary Separation Incentive Program (VSIP) as an employee-centered strategy for making appropriate workforce adjustments and creating opportunities for organizational renewal and invention. This institutional initiative is appropriate given the changing organizational operating environment resulting from the COVID-19 pandemic, declining state support and other evolving dynamics affecting higher education in general. WKU remains committed to protecting, preserving and achieving the University's mission, enhanced focus on student success and objectives outlined in the WKU Strategic Plan.

This document serves as the official plan that describes the VSIP offering and will be used for implementation guidance.

The intention is to allow as many eligible faculty and staff as possible to participate in the VSIP, resulting in a reduction of the salary base resources which comprise a significant part of the operating budget. While meeting institutional financial objectives, the VSIP has been designed to materially benefit eligible participants who may wish to attain retirement status, seek other professional opportunities or otherwise cease employment with WKU.

The VSIP focus is on budgeted (E&G) positions and is being offered as a one-time managerial action of the institution. The University does not anticipate similar action in the future.

Eligible employees are invited to consider the VSIP and to file the application for participation. Each application will be reviewed individually to confirm VSIP participation eligibility. The University reserves the right to accept or reject participants based on the needs of the institution.

Section 2: VSIP Administration Responsibilities

As authorized by the University President, the VSIP will be administered by the Provost and Vice President for Academic Affairs (Dr. Cheryl L. Stevens) and the Executive Vice President for Strategy, Operations and Finance (Ms. Susan I. Howarth). In consultation with the University President, these two senior leaders will have responsibilities for VSIP communication and administration, validating employee eligibility and providing final approval of employees into the VSIP. The Department of Human Resources will have a key role in communication, education, assisting employees with questions, custodian of program documents, and assisting VSIP participants with separation from WKU, including retirement processing as applicable.

Section 3: Communication of the WKU VSIP Program

A variety of communication methods will be utilized for broad communication and understanding of the VSIP including the following:

- A webpage will be established to broadly describe the program, communicate key information, publicize timelines, frequently asked questions (FAQs) and maintain official documents. This webpage will also display any updates/news concerning the VSIP as such should occur.
- A program-specific email address will be established for official VSIP communication. All email communication will be monitored by representatives in the Department of Human Resources. Inquiries related to the VSIP are invited from all eligible and interested faculty and staff.
- The Department of Human Resources will host several information sessions to explain the VSIP and its implementation. Human Resources will remain readily available to assist faculty and staff throughout the VSIP timeline.
- Employees will have the opportunity to schedule a one-on-one session with a Human Resources Representative as requested.

Section 4: VSIP Scope and Limits

WKU intends to allow as many eligible and interested employees as possible to participate in the VSIP; however, WKU reserves the right to limit the total number of participants to preserve vital programs and services, critical talent and maintain the University’s financial resources while achieving the core objectives of the VSIP.

Section 5: Amendment or Termination of Program

WKU, at its discretion, may amend or terminate the VSIP Program, provided that such amendment or termination will not change any rights or interests of any eligible employee who may have made a qualified election under the Program prior to such amendment or termination.

Section 6: Procedure for Managing Budgeted Salaries

The E&G budgeted salaries associated with faculty and staff employees who are accepted into the VSIP will be retained centrally and held for purposes of re-prioritizing human capital and investment in identified strategic needs going forward. The retained salary pool shall be under the management of the Provost and Vice President for Academic Affairs and the Executive Vice President for Strategy, Operations and Finance. Position vacancies that are generated because of the VSIP shall only be filled if approved by both the Provost and Vice President for Academic Affairs and the Executive Vice President for Strategy, Operations and Finance, in consultation with the University President.

Section 7: VSIP Timeline and Key Dates

January 13, 2021	VSIP announced to all employees via email and webpage
January 14 – March 15, 2021	Employee education, review and application period. This includes the 45-day review period required under the Age Discrimination in Employment Act (ADEA).
March 15, 2021, 4:00pm (central)	VSIP application deadline
March 18, 2021	Employees notified of approval or disapproval into the VSIP; approved employees are sent the VSIP

	Voluntary Separation Waiver and General Release Agreement Form (via WKU email)
March 29, 2021	Signed Voluntary Separation Waiver and General Release Agreement Form due from employee participants
April 6, 2021, 4:00pm (central)	Deadline for withdrawal and revocation from VSIP participation
June 30, 2021	Date of separation from employment at WKU

July 30, 2021	Date VSIP incentive and benefits paid to participants
January 31, 2022	Date of second payment for participants who elect VSIP incentive and benefits paid in two equal amounts

Section 8: VSIP as a Voluntary Employee-Initiated Action

Each eligible employee is invited to evaluate and consider the VSIP, along with its associated benefits, and determine whether the VSIP is a beneficial and desired action. No WKU official/supervisor can require or direct any eligible employee to apply for the VSIP or prohibit them from doing so. Applying to participate in the VSIP is a voluntary employee-initiated action only. Submitting a VSIP application does not in any way change an employee's current employment status or conditions at WKU and may not be used as retaliation against an employee with respect to future terms and conditions of employment.

Section 9: VSIP Eligibility

Employees who are eligible to participate in the VSIP are described below. All discrepancies concerning eligibility shall be determined solely by the VSIP administrators and are not subject to review or formal appeal through any University process.

Faculty Eligibility Criteria

Individuals must meet all noted criteria.

- Completed 15 years of full-time, benefits eligible service at WKU as of June 30, 2021 AND where the sum of the employee's age and total years of full-time, benefits eligible service equals 70 or more (as of June 30, 2021).
- Actively employed and who currently hold full-time faculty positions that are Education and General (E&G) budgeted. This includes positions that may not be identified as "budgeted" (in the FY 20/21 Operating Budget), but are nonetheless currently being funded by E&G funds.
- VSIP eligibility includes faculty employees who are in Department Head/Chair positions and whose standard employment period is 12- or 11-months.

Ineligible Faculty Employees

- Retired faculty who participate in the Transitional Retirement Program (TRP) and who are currently reemployed on a part-time basis.
- Faculty whose positions are funded entirely (100%) by grants or other non-E&G sources.

- Faculty with an identified or stated employment period and who are not otherwise eligible.
- Faculty who have filed for disability retirement through the Teachers' Retirement System (TRS), who have been approved for disability retirement, or who are awaiting such determination.
- Faculty who may have submitted a resignation/retirement notice dated December 31, 2020, or earlier related to a future resignation/retirement date and that has been acknowledged in writing by the applicable department head or dean.

A faculty member on an approved sabbatical during FY21 is eligible for VSIP participation.

Staff Employee Eligibility Criteria

Staff employees must meet all noted criteria.

- Completed 15 years of full-time, benefits eligible service at WKU as of June 30, 2021 AND where the sum of the employee's age and total years of full-time, benefits eligible service equals 70 or more (as of June 30, 2021).
- Actively employed and who currently hold full-time budgeted Education and General (E&G) staff positions. This includes positions that may not be identified as "budgeted" (in the FY 20/21 Operating Budget), but are nonetheless currently being funded by E&G funds.

Ineligible Staff Employees

- Athletic coaches.
- Employees in positions that are fully (100%) grant funded or other non-E&G sources.
- Employees having an identified or stated employment period and who are not otherwise eligible.
- Employees who have previously attained retirement status with either KERS or TRS and who have been reemployed in a full-time position.
- Employees who have filed for disability retirement through the Kentucky Employees' Retirement System (KERS) or the Teachers' Retirement System (TRS), who have been approved for disability retirement, or who are awaiting such determination.
- Employees who may have submitted a resignation/retirement notice dated December 31, 2020, or earlier related to a future resignation/retirement date and that has been acknowledged in writing by the applicable department head or dean.

Section 10: Forfeiture of Tenure and Notice Rights

Faculty employees who apply for and who are approved for VSIP participation shall forfeit their tenure rights and any notice rights associated with employment at WKU. Approved faculty VSIP participants shall not be reemployed at WKU either full-time or part-time. The only exception is the possibility for teaching in a part-time faculty role and at the part-time faculty pay rates. Any future employment at WKU in such a role shall not occur prior to **January 1, 2022**, and shall only be at the University's total discretion and shall not be pre-arranged.

Section 11: VSIP Application Procedure

Eligible faculty and staff who are interested in the VSIP must file a formal application. The VSIP Notice of Interest Application form indicates that the employee (applicant) wishes to voluntarily separate from employment at WKU effective **June 30, 2021**, in exchange for the VSIP incentive and benefits as described. The application period

begins on **January 14, 2021** and continues through **March 15, 2021 at 4:00pm (central)**. Applications submitted after the deadline (March 15, 2021, 4:00pm) will not be considered.

To apply for the VSIP, an eligible employee must file a timely and complete **VSIP Notice of Interest Application**. The VSIP Notice of Interest Application must be completed and submitted electronically (only) by the published deadline date. Submission by any other method will not be accepted. Employees will receive electronic confirmation of receipt of their application.

An employee who may wish to withdraw a previously submitted VSIP Notice of Interest Application may do so by completing a VSIP Withdrawal Agreement Form by the published deadline date.

Employees who complete an application to participate in the VSIP will be notified electronically concerning application approval. All notices will be sent on **March 18, 2021**. Employees who are approved participants will be sent the **VSIP Voluntary Separation Waiver and General Release Agreement** form as described below.

Section 12: VSIP Voluntary Separation Waiver and General Release Agreement

VSIP applicants who are approved as VSIP participants will be provided with a **VSIP Voluntary Separation Waiver and General Release Agreement** which must be signed by each VSIP participant in order to be eligible for the VSIP incentive and benefits. By signing the Agreement, employees waive all claims and all rights to make a legal claim against WKU, the WKU Board of Regents, directors and officers of the institution. The Waiver and General Release Agreement covers any claims arising under federal, state and local laws, including the Age Discrimination in Employment Act (ADEA) and the Older Workers Benefit Protection Act (OWBPA). The Agreement does not apply to rights or claims that arise after an employee has signed the Agreement and separated from employment.

A proposed VSIP participant may revoke (withdraw) a previously submitted VSIP Voluntary Separation Waiver and General Release Agreement within seven (7) days from the date the Agreement is executed. An employee who wishes to withdraw from the VSIP must complete a **VSIP Revocation Agreement Form**. The Form must be dated and signed by the employee. The receipt of a valid VSIP Revocation Agreement Form will result in the immediate removal of the employee from the VSIP Program. No incentive or benefits (as described in this document) will be provided to the employee. Employees will receive electronic confirmation of receipt of their VSIP Revocation Agreement Form.

Section 13: Description of VSIP Incentive and Benefits

Employees who are approved VSIP participants and who complete a valid Waiver and General Release Agreement will receive the compensation incentive and benefits as described below:

1. A lump-sum, one-time payment equal to the employee's annualized base salary as of January 1, 2021, not to exceed \$100,000.
NOTE: base salary does NOT include faculty overload pay, summer pay, stipends, temporary rates/salaries, one-time payments, supplements, or endowed or distinguished professor supplements. For hourly or semi-monthly paid employees, base salary is the calculated annual pay based on the employee's established hourly rate of pay for 1,950 customary hours worked in a fiscal year period.
2. A health insurance allowance for employees who are less than age 65 as of June 30, 2021. This allowance is provided to assist VSIP participants with insurance costs before attaining eligibility for Medicare at age 65. Any VSIP participant who is age 65 as of July 1, 2021, is not eligible for the health

insurance allowance described in this section. Health insurance coverage shall be the full responsibility of the employee following separation from WKU. VSIP participants shall retain coverage with the WKU Employee Health Plan (as an active participant) through **June 30, 2021**.

The VSIP health insurance allowance is calculated for each VSIP participant as follows:

\$650.00 for each month before the month in which the employee attains age 65, as measured from July 1, 2021. The monthly allowance is calculated in whole months only. The maximum health insurance allowance is \$11,700.00.

EXAMPLE: Employee

Age = 63 years and 6 months as of June 30, 2021

DOB= 12/31/1957

Employee is 18 months away from attaining age 65 and Medicare eligibility

Health insurance allowance calculation: 18 months X \$650.00 = \$11,700.00

Section 14: Recommended Legal and Financial Consultation

Prior to filing a VSIP application, employees are strongly advised to consult with an attorney of their choosing to carefully review VSIP documents and the legal conditions associated with VSIP acceptance. Similarly, employees are advised to attain advice from a financial and tax advisor to fully understand the financial benefits and any implications of accepting benefits of the VSIP.

Section 15: Schedule for Payment of VSIP Incentive and Health Insurance Allowance

Payment of the VSIP incentive and the health insurance allowance will be paid on **July 30, 2021**. As an option, employees may elect to have the VSIP incentive and health insurance allowance paid in two equal installments dated: **July 30, 2021** and **January 31, 2022**.

The University shall deduct from all payments required deductions including, taxes, customary withholdings and any other mandatory deductions. Additionally, parking citations, tuition balances and any other sums due or owed to WKU will be deducted from the incentive payment.

Section 16: VSIP Payments or Benefits Made in Error

The University reserves the right to collect from the affected employee or beneficiary any payments or benefits awarded in error by mistake of fact or contrary to the terms of the VSIP.

Section 17: Unauthorized Actions Contrary to the VSIP Conditions and Benefits

No employee, director, officer or official of WKU has the authority to alter, vary or modify the terms of the VSIP. The Provost and Vice President for Academic Affairs and the Executive Vice President for Strategy, Operations and Finance are the only University officials who are authorized to amend the terms of the VSIP. Any amendments to the VSIP will be communicated to the WKU campus community following the same communication methodology as the initial communication. Any unauthorized written or verbal representations contrary to the terms of the VSIP are invalid and shall not be binding on WKU.

Section 18: No Real or Implied Rights of Employment

The VSIP shall not offer real or implied employment rights to any employee. No employee shall retain rights of employment by virtue of the VSIP. Disciplinary action may be taken, as appropriate, against a person who has applied for and been accepted as a VSIP participant just as employees who are not VSIP applicants/participants.

Any employee who is subject to disciplinary action after signing the VSIP agreement, but before the VSIP effective date (June 30, 2021), shall have the VSIP incentive payment and benefits suspended until the disciplinary action is resolved. Any termination for gross misconduct will result in non-payment of the VSIP incentive and benefits.

Section 19: No Assignment of VSIP Incentive and Benefits

Eligible employees who are accepted into the VSIP shall not have the right to assign, transfer, pledge or otherwise convey the right to receive the VSIP incentive and benefits which are payable under this Program. No such assignment shall be recognized by the University.

Section 20: VSIP Payments to Beneficiary in Case of Death

Should an employee, who has applied and been accepted into the VSIP, die before the effective date of the VSIP (June 30, 2021), the entire VSIP incentive and benefits will be made to the employee's designated beneficiary as indicated within the Waiver and General Release Agreement as executed by the VSIP participant.

Section 21: Treatment of Terminal Vacation Pay for VSIP Participants

VSIP participants who accrue vacation leave and who are otherwise eligible for terminal vacation pay will be paid such pay as provided by University policy on separation from employment on June 30, 2021. Terminal vacation pay is not impacted by VSIP participation.

Section 22: WKU Employee Benefit Program Participation for VSIP Participants

VSIP participants retain all rights related to benefit program options at separation from employment on June 30, 2021, as noted in plan documents and University policy. This includes the option for COBRA (continued health plan, dental, vision participation), life insurance conversion, HSA, HRA, FSA and DCFSA (dependent care) accounts, as governed by policy and regulations. VSIP participants are advised to consult with a Human Resource Representative (WKU Department of Human Resources) in order to fully understand benefit treatment on separation from employment.

Section 23: Attainment of Retired Status with the Kentucky Employees Retirement System (KERS) or the Teachers' Retirement System (TRS)

VSIP participants who elect to retire from either KERS or TRS must complete the required retirement application process and all other requirements of the respective retirement system in order to attain retirement status effective **July 1, 2021**. WKU shall not be responsible for any negligent action on the part of any employee to follow the established retirement process—including required documents (birth certificate, marriage license, etc.)—as established by KERS or TRS. As customary, Human Resources will provide assistance to each employee in this regard.

VSIP participants who currently participate in the Optional Retirement Plan (ORP) and having accounts with TIAA, VOYA, VALIC and Fidelity are not required to file any documents as a result of VSIP participation. Employees are advised to consult with their respective retirement vendor concerning their account and any desired action.

Section 24: Continued Job Performance after Election and Approval as a VSIP Participant

Employees who elect and who are approved as VSIP participants shall continue to meet job performance standards and all other expectations normally associated with continuing employment through the VSIP separation date of June 30, 2021. An employee who separates from employment prior to the scheduled separation date (June 30, 2021) for any reason other than in accordance with terms of the VSIP shall not be eligible for the incentive payment and benefits as described in this VSIP document.

Section 25: Return of University Property

All University property (i.e., keys, documents, equipment, technology devices, uniforms, etc.) shall be returned and accounted for by the applicable supervisor on or before the VSIP separation date of June 30, 2021, in order for the VSIP participant to be qualified to receive the incentive pay and benefits under the VSIP. In instances where University property is not appropriately accounted for, the incentive pay and benefits will be held in suspension until the matter is resolved.

Section 26: Severability

If any provision of the WKU VSIP is found, held or deemed by a court of competent jurisdiction to be void, unlawful or unenforceable under any applicable statute or controlling law, the remainder of the VSIP shall continue to be implemented and effective.

Section 27: WKU Statement of Non-Discrimination

Western Kentucky University does not discriminate on the basis of race, color, ethnic origin, national origin, creed, religion, political belief, sex, sexual orientation, gender identity/expression, marital status, age, uniformed services, veteran status, pregnancy, childbirth or related medical conditions, or physical or mental disability in admission to career and technical education programs and/or activities, or employment practices in accordance with Title VI and VII of the Civil Rights Act of 1964, Title IX of the Educational Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, Revised 1992, and the Americans with Disabilities Act of 1990. The VSIP is offered to all eligible participants on a non-discriminatory basis.

Definition of Terms Used in This Document

Voluntary Separation Incentive Program (VSIP) means a program designed and offered by WKU whereby eligible employees may elect to voluntarily separate from WKU employment on a specified date in exchange for an incentive.

Actively Employed means being actively at work, on vacation leave, on sick leave, on military leave, on a paid leave of absence, FMLA (Family and Medical Leave Act), an approved sabbatical or on an approved unpaid leave of absence.

Transitional Retirement Program (TRP) means the WKU program which allows eligible faculty members to attain retirement status and then return to work in a part-time teaching capacity.

Teachers' Retirement System (TRS) means the state-sponsored defined benefit retirement system in which eligible faculty and staff may participate.

Kentucky Employees Retirement System (KERS) means the state-sponsored defined benefit retirement system in which eligible staff employees may participate.

Optional Retirement Plan (ORP) means the defined contribution retirement plan in which eligible faculty and staff employees may participate with a selected vendor as an alternative to the state-sponsored plan.

VSIP Payments and Benefits means the direct compensation (pay) and other benefits awarded to employees who are approved to participate in the VSIP which is effective on June 30, 2021. VSIP payments will be paid on **July 30, 2021**. (As an option, employees may elect to have the VSIP incentive and health insurance allowance paid in two equal installments dated: **July 30, 2021** and **January 31, 2022**.)

Education and General Funding (E&G) means those positions that are funded by the University's general operating budget as funded by the state, tuition revenue and other associated sources.

Grant-funded means a position that is funded by a grant or contract from an agency or entity external to WKU and that is dependent on such source of support throughout the duration of employment.

Full-time means a position in which an employee works the total available hours which equate to 1,950 hours each year or as adjusted based on 9, 10 or 11 month status.

Benefits Eligible means an employee who meets the full-time definition and benefits eligible criteria and who qualifies to participate in retirement, health insurance and other identified benefit programs.

Voluntary Employee Initiated Action means an eligible employee who voluntarily acts, without any coercion, on the VSIP offer and who voluntarily seeks to be approved as a participant.

VSIP Voluntary Separation Waiver and Release Agreement means the document that eligible and approved employees may voluntarily sign and by doing so elect to receive the described compensation and benefits associated with the VSIP and who waive any future employment and release the University from any and all claims related to separation from employment.

Annualized Base Salary means the total regular pay that an employee normally receives over an annual or fiscal year period. Base salary does NOT include overtime pay, faculty overload pay, summer pay, stipends, temporary rates/salaries, incentive/bonuses, one-time payments, supplements, or endowed or distinguished professor supplements.

Age Discrimination in Employment Act (ADEA) means the federal law that prohibits employers from discriminatory action against older workers.

VSIP Administration Responsibilities means those persons identified by WKU as having administrative, operational, and interpretational authority over the VSIP and its implementation. These persons are Dr. Cheryl L. Stevens, Provost and Vice President for Academic Affairs and Ms. Susan I. Howarth, Executive Vice President for Strategy, Operations and Finance.

1-12-2021

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