University of California
Office of the President
Human Resources and Benefits

SUMMARY OF IMPLEMENTATION GUIDELINES FOR LOCAL VOLUNTARY SEPARATION PROGRAMS (VSP)
Effective April 6, 2009

Locations may implement local Voluntary Separation Programs consistent with the guidelines below. Approval authority to implement VSP is delegated to the Chancellors, LBNL Director, Medical Center Chief Executive Officers as authorized by the appropriate Chancellor, and Executive Vice President–Business Operations. The responsible Officer for the maintenance and interpretation of the VSP is the Vice President–Human Resources. A copy of all local VSP plans must be filed in advance of implementation with the Vice President–Human Resources, Office of the President to monitor compliance with these guidelines.

Proposals for Voluntary Separation Programs that vary from these guidelines must be approved, prior to implementation, by the Chancellor and sent to the Office of the Vice President–Human Resources for:

- Review and sign-off by the Office of the General Counsel
- Review by the Vice President–Human Resources
- Approval by Executive Vice President Katie Lapp and the President

Program Objective
This program provides direction and authority for the use of voluntary separation arrangements that reduce spending and enable implementation of workforce changes.

I. Eligibility - The University has sole discretion to establish eligibility criteria for the VSP and for determining selection for participation.

All regular status (non-probationary career) employees are eligible to participate in the Voluntary Separation Program (VSP) except the following:

- An employee in the Senior Management Group (SMG)
- An employee at the Managers and Senior Professionals (MSP) level VIII–IX or equivalents
- An employee in an office reporting directly to The Regents (including the Office of the General Counsel, Compliance/Audit, Secretary and Chief of Staff to The Regents, and the Office of the Treasurer)
- An employee receiving retirement benefits from the University of California Retirement System (a rehired retiree)
- An employee who, prior to the ending date of the program, is entitled to separation or severance pay under another arrangement, agreement, or settlement with the University that is not part of this Voluntary Separation Program
- Locations may specify other employee group exclusions depending upon operational and business needs which are to be specified in the local program and reported to the Office of the Vice President, Human Resources.

- Eligibility for represented employees will be determined by collective bargaining as appropriate.

Academic appointees in specified titles may be eligible pursuant to approval by the Office of the President, Academic Personnel.

Eligible employees include employees on an approved leave of absence.

II. Voluntary Severance Requirements

An eligible employee must meet each of the requirements in this section to participate in the VSP.

A. Election

Eligible employees may elect to participate in the VSP by submitting their election form to an appropriate local office by a specified date.

For an election to be valid under the VSP, the election must include a separation date.

To be entitled to severance pay as provided below, an employee must separate from employment on the date agreed upon by the supervisor and the employee.

B. Release

To receive the severance payments provided below, an Electing Participant[1] must terminate employment and sign a release of claims.

- An Electing Participant who is age 40 or over at the date of separation must be given at least 45 calendar days to consider and sign the release of claims, including claims under the *Age Discrimination in Employment Act,* and accept the offer of severance pay. The Electing Participant may sign the release at any time before the end of the 45-day period. At the time the release of claims is provided to the Electing Participant, a disclosure of statistical data report must also be provided, in conformance with the below requirements.

  The Electing Participant must be given seven (7) days after signing the release of claims to revoke the release and refuse the acceptance of severance pay.

  Disclosure of Statistical Data Report

  To comply with the *Age Discrimination in Employment Act* (ADEA), 29 U.S.C. Sec. 621-634, including the amendments made by the *Older Workers Benefit Protection Act*, Pub L 101-433, 104 Stat 978, Electing Participants age 40 or over must be given a disclosure of statistical data report along with the release of claims form.

  The objective of the disclosure of statistical data report is to give selected program participants the opportunity to review the data to determine whether there is a possible ADEA claim. The location must fulfill all statistical data

[1] An Electing Participant is an eligible employee as set forth in the **Eligibility** section and who elects to participate in the VSP pursuant to the **Voluntary Severance Requirements** section.

reporting requirements and maintain this information on file for 5 years following the Electing Participant's separation.

Severance is to be paid shortly after the later of:

- the end of the seven (7) day revocation period or
- the Electing Participant's separation date

➢ An electing Participant who is under age 40 must sign a general release of claims in order to receive payment of severance after separation from employment. The Electing Participant must be given at least two (2) weeks to consider the release.

III. Continued Employment

In order to be eligible for any benefits provided under the Voluntary Separation program, the Electing Participant must continue to perform as a satisfactory employee until the selected date of separation.

IV. Severance Pay and Benefits

Severance payments will not be considered covered compensation for UCRP purposes.

A. Severance Pay

No individual severance payment granted under the program can exceed $75,000. VSP Participants will receive severance pay according to employment classification as follows:

- Professional and Support Staff (PSS) will receive severance pay in the amount of one (1) week's pay [annual base salary divided by 2088 hours X 40 hours] for each full year of service up to a maximum of 16 weeks' pay

- Managers and Senior Professionals (MSP I-VII) will receive severance pay in the amount of one (1) month's pay [1/12 of annual base salary] for each full year of service up to a maximum of six (6) months' pay

- Eligible academic appointees will receive severance pay in the amount specified in applicable academic policies/procedures.

B. Approval Requirement

Any individual severance payment of $50,000 to $75,000 must be approved by the President.

Such severance payment will not be paid until after the appropriate approval has been obtained.

C. Outplacement Benefits

The location may determine the amount and scope of outplacement services, if any, dependent on the skills and needs level of employees eligible to participate in a VSP.

D. Time and Form of Severance Pay

Any severance payment due to an Electing Participant will be paid in a single sum following separation from employment and delivery of a signed release, and for employees who are age 40 or over, after the end of the seven (7) day revocation period described in the **Voluntary Severance Requirements** section.

The University will withhold appropriate federal and state income and employment taxes from severance payments.

E. Service for Calculating Severance

- Service for purposes of calculating severance is based on full-time equivalent months of University employment as reflected in the University's records and is determined at the sole discretion of the University
- Employment prior to a break in service is not counted as service
- Only full years of service are counted toward the calculation of severance pay

V. Reemployment

An Electing Participant may not be reemployed for a period of 3 years (36 months) from his or her separation date under the VSP:

- by any University of California location
- in any appointment type
- at any percentage of time
- in any classification

Employment includes any relationship with UC for which compensation is paid to the individual via the University payroll system, including but not limited to all career appointments (regardless of percentage of time), limited, floater and contract appointments, and rehired retirees covered by the University's policy on *Reemployment of UC Retired Employees Into Senior Management Group and Staff Positions* and Academic Personnel Manual policies as applicable.

VI. Repayment of Severance

A. Repayment Amounts

If an Electing Participant returns to any employment at the University during the 3 years following separation under the VSP, repayment of severance to the University is required as a condition of employment in accordance with the below provisions, provided that the amount retained by the employee is at least $1000, which the Electing Participant may retain as consideration for signing the release of claims. If the amount retained by the employee would be less than $1000, then the employee repays only that portion of the payback amount that allows the employee to retain $1000.

- If reemployment occurs within 1 – 12 months after separation, the entire amount of the severance received must be repaid, less $1000 for the release of claims.

- If reemployment occurs within 13 – 24 months after separation, 50% of the severance received must be repaid, provided that the amount retained from the original lump sum payment by the employee is at least $1000 (if not, then all but $1000 of the severance must be repaid)

- If reemployment occurs within 25 – 36 months after separation, 25% of the severance received must be repaid, provided that the amount retained from the original lump sum payment by the employee is at least $1000 (if not, then all but $1000 of the severance must be repaid)

Examples:

- An Electing Participant who receives $1500 severance and is reemployed by UC after 6 months will be required to repay $500 ($1500 - $1000 = $500); if reemployed after18 months, $500 must be repaid ($1500 X 50% = $750, but $1000 total is to be retained for consideration, therefore, $250 is deducted from the $750 to arrive at the $1000 to be retained, leaving $500 to be repaid); if reemployed after 30 months, $375 must be repaid ($1500 X 25% = $375).

IRS regulations determine if the repayment amount is the net or gross amount of the severance payment received, depending upon whether the repayment is made in the same year (net amount due) or a subsequent year (gross amount due).

B. Repayment Options

In accordance with existing payroll policy (Accounting Manual, Receivables Management R-212-2, and Appendices III-VI), the following repayment options are available:

- Payment in full;
- Monthly installments by personal check or money order (requires approval of a repayment schedule); or
- Installments by payroll deduction (requires approval of a repayment schedule).

VII. Health and Welfare Benefits Coverage

The University's normal contribution (if applicable) to the Electing Participant's medical, dental, vision, wellness, and Basic life insurance coverage will continue through the end of the month following the date of separation. The Electing Participant's coverage will terminate on this date unless he or she elects COBRA coverage or is eligible for retiree health and welfare benefits under the University's programs, in which case the terms of the retiree programs are applicable.

In accordance with COBRA requirements, the Electing Participant may continue medical, dental, vision, wellness, or health FSA coverage at the applicable COBRA group rates. These premiums must be paid monthly by the Electing Participant in order to continue coverage. In addition, the Electing Participant shall have thirty-one (31) calendar days from the end of coverage to convert legal, life, and AD&D to individual plans at his or her expense or elect portability for basic, supplemental and/or dependent life insurance coverage.

An Electing Participant's Short-term and Supplemental disability insurance terminates on the last date of University employment and may not be continued or converted.

For additional information on COBRA requirements, employees should contact their local Benefits Office.

VIII. No Right to Continued Employment

The VSP does not grant or create any right to continued employment and any preexisting rules, policies, or agreements regarding the employment of Electing Participants will continue to apply.

IX. Amendment and Termination

The University may amend or terminate the VSP at any time and for any reason before any elections are made under the **Voluntary Severance Requirements** section.

The location must specify an automatic termination date for the VSP.

X. Compliance Monitoring

Each location is accountable for establishing monitoring procedures to ensure that local administration of the VSP is in compliance with these guidelines and appropriate enforcement measures of noncompliance are applied.

A payroll description of service (DOS) code of "VSP" has been established for paying severance in accordance with these guidelines.

The Vice President–Human Resources is accountable for reviewing the administration of the Voluntary Separation Programs systemwide to ensure compliance. The Vice President–Human Resources will report the results of these reviews to the Executive Vice President–Business Operations and The President. At the conclusion of the local program, the location must submit data to the Vice President–Human Resources, including all names of VSP participants, their years of service, and the amount of severance pay granted.

Locations may be required to submit documentation to demonstrate compliance with the guidelines, including but not limited to election forms, claims release forms, disclosure of statistical data reports, and reemployment and repayment information.

UC Compliance and Audit Services may audit and/or monitor for compliance to these guidelines periodically.