

Board of Regents Special Meeting

Washburn Tech

Room AE 156

Tuesday, 1/19/2016

2:15 - 2:45 PM CT

I. Call to Order

II. Roll Call

Mr. Beck

Mr. Boles

Mr. Feuerborn

Mr. Hoferer

Mr. McGivern

Mrs. Parks

Mr. Sneed

Mrs. Sourk

Mr. Wolgast

III. New Business

A. Action Item

1. Voluntary Retirement Incentive Program

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Agenda Item No.

Washburn University Board of Regents

SUBJECT: Voluntary Retirement Incentive Program

DESCRIPTION: With the multitude of enrollment changes and invigorated recruitment and retention efforts, Washburn anticipates an increase in enrollment for FY17. Nonetheless, it has been Washburn's practice to budget the current year actual (loss or increase) enrollment/revenue for the following fiscal year. This means that Washburn will face budget reductions in order to provide a balanced budget for FY17. As personnel costs constitute the substantial majority of the University's budget, and in addressing budget issues for the past few years, the Administration, area heads, deans and directors, have looked to reduce costs through attrition and not filling vacant positions. However, this has resulted in a very lean operation and there are not enough anticipated vacancies to address the budget issues for FY17. The Administration is proposing a Voluntary Retirement Incentive Program ("**VRIP**") as part of its budget planning for the ensuing and future fiscal years. The VRIP will recapture salary and benefit savings from participants that retire and permit the elimination/ reallocation of salary and benefit savings among the various units. Where new employees are required to fill necessary positions, it is likely personnel costs associated with such positions would be lower than present costs for the affected units.

The Administration proposes to offer a program consistent with the requirements of the Age Discrimination in Employment Act and the Older Workers Benefits Protection Act, as shown in the attached VRIP proposal. The goal is to achieve \$1,200,000 in annualized savings by the end of FY18, exclusive of the one-time lump sum payout as part of the program. These payouts would be paid from the reserves. Interested persons will have a limited period of time to express interest in the program and to then submit an executed agreement to allow for the potential savings to be considered in the budgeting process for FY17. Washburn has reserved the right under the plan to cancel the program if sufficient savings are not achieved through the voluntary retirements.

FINANCIAL IMPLICATIONS: Projected annualized ongoing salary and benefit savings of approximately \$1,200,000 by FY18 and beyond.

RECOMMENDATION: The Administration recommends the Board: authorize offering the Voluntary Retirement Incentive Program to eligible employees, and if sufficient savings are to be realized based on interest expressed by eligible employees, then further authorize the Administration to enter into agreements with employees qualifying and applying for participation in the Voluntary Retirement Incentive Program.

(date)

Jerry B. Farley, President



**Washburn University
Voluntary Retirement Incentive Program
January 19, 2016**

Purpose

Diminished revenue projections require budget reductions for Fiscal Year 2016-2017. These revenue projections indicate that Washburn University will need to realize savings of at least \$1,200,000 in ongoing annualized savings (not counting the one-time cost of the program) in the next fiscal year. One technique used successfully to reduce budget in the past is a Voluntary Retirement Incentive Program (“VRIP”). Washburn University hopes to achieve these savings for Fiscal Year 2016-2017 through Participants’ retirements pursuant to a VRIP. If sufficient savings are not realized through this VRIP, Washburn University will need to make other painful additional program or structural adjustments. Additionally, if sufficient savings are not realized through this VRIP, Washburn University reserves the right to not implement the plan.

Application Period

All Employees who meet the stated requirements may apply for participation in the VRIP by submitting to Human Resources on or before February 19, 2016, a conditional offer, subject to implementation of the VRIP, to retire and separate from employment at Washburn University not later than at the expiration of their current appointment contract by June 30, 2016, or one year from their current appointment contract by June 30, 2017. These dates shall be considered the Date of Separation.

Eligibility

To qualify for benefits under this program, Employees must meet the following criteria:

- Be a full-time, benefit eligible Employee;
- Be aged 62 or older, or attain such age on or before June 30, 2016;
- Have at least 10 years of service as a full-time, benefit eligible Washburn University employee; and,
- Enter into an agreement with the University evidencing resignation and retirement from employment and a release consistent with the Age Discrimination in Employment Act.

Benefits

Participants in the VRIP, if implemented, shall receive:

- For those retiring as of June 30, 2016, a lump sum payment, subject to state and federal income tax withholdings, in an amount equal to 100% of his/her annual base salary* for FY 2015-16 or up to a maximum payment of \$125,000, whichever is less, payable to the participant within 30 days of separation from employment on June 30, 2016; **OR**
- For those retiring as of June 30, 2017, a lump sum payment, subject to state and federal

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income tax withholdings, in an amount equal to 50% of his/her annual base salary* for FY 2015-16 or up to a maximum payment of \$62,500, whichever is less, payable to the participant within 30 days of separation from employment on June 30, 2017;

* Annual base salary does not include: overtime, summer school, chair and other administrative supplements, or any other one-time payments. Contact VPAA office for base contract amount if you are unsure.

- For employees currently participating in the University's group health insurance program and under the age of 65, the University will contribute towards the participant's continuing group health insurance coverage until the participant reaches age 65. The premium paid by the University will be the same amount as the participant's current election and salary tier. Participants will be responsible for their portion of the premium. Rates are subject to change annually at open enrollment.
- Upon retirement if age 65 or older, individuals will have available Medicare as their primary health coverage. Employees may want to consider, at their expense, purchasing a Medicare supplemental coverage plan.

Separation

All Participants in the VRIP shall retire and separate from employment at Washburn University no later than June 30, 2016 or June 30, 2017. VRIP participants will be eligible for re-employment with Washburn University in part-time, non-benefit eligible positions, beginning after twelve (12) months from the Date of Separation.

Retirement Agreement

The employee must apply for the program by February 19th. If the overall number of applications received makes the VRIP viable and if the employee's application is accepted, he/she will be provided with a Retirement Agreement to review. If the terms are acceptable, the employee must sign the Retirement Agreement and return it to the Human Resources office no later than April 8, 2016. The employee will have an additional seven (7) days from the date the document is signed to rescind the agreement. After that seven day period has passed, the Retirement Agreement will become final, unless and until Washburn determines that sufficient savings will not be achieved and cancels the program in its entirety.

Consultation with Counsel

Persons are advised to consult with their attorney and/or financial advisor if they have questions concerning the VRIP, the implications of participation in such program and the terms of the Retirement Agreement.

**Application for Participation In
Voluntary Retirement Incentive Program**

****To Be Returned to Human Resources no later than February 19, 2016****

I have read the above Voluntary Retirement Incentive Program (“*VRIP*”) description and wish to participate in the program. I hereby offer my resignation, conditioned upon the VRIP being implemented and/or my application being accepted, to retire and separate from employment at Washburn University effective not later than the expiration of my current appointment at June 30, 2016 or one year from the end of my current appointment at June 30, 2017. I understand I will be provided a draft Retirement Agreement and will have the opportunity to make a final decision on participation NO LATER THAN APRIL 8, 2016. I also understand the goal of the program is to realize \$1,200,000 in ongoing annualized salary savings in the next fiscal year for Washburn University through implementation of the program. If sufficient savings are not realized through this VRIP, Washburn University will need to make other painful additional program or structural adjustments. Additionally, if sufficient savings are not realized through this VRIP, Washburn University reserves the right to not implement the plan.

(Check one of the two options below)

_____ I will retire June 30, 2016 w/100 % base salary payout (up to \$125,000)

_____ I will retire June 30, 2017 w/50% base salary payout (up to \$62,500)

Employee Name (Please Print)

Signature of Employee

Date: _____
