

# UC Merced Voluntary Separation Program (UCMVSP)

## A. Purpose

The UC Merced Voluntary Separation Program (UCMVSP) offers policy-covered employees who are considering ending their employment with the University an opportunity to volunteer to be considered for separation effective **April 30, 2021** under this local plan. This program is completely voluntary, and it provides a lump sum payout for Electing Participants who choose to separate from UC Merced.

## B. Eligibility

Policy-covered, regular status career staff employees, including employees on approved leaves are eligible, **except** as follows:

1. An employee in the Senior Management Group (SMG)
2. An employee in the Managers and Senior Professionals (MSP) above a Manager 3 and equivalent positions
3. An employee currently receiving retirement benefits from the University of California Retirement Plan (rehired retirees)
4. An employee who, prior to **April 30, 2021**, is entitled to separation or severance pay under another arrangement, agreement or settlement with the University that is not part of the UCMVSP
5. Academic appointees holding student, visiting, or recall titles
6. Employees in any of the following departments or job functions are not eligible to participate:
  - All Health Center Employees
  - Research Administrators (RA)
  - Office of Information Technology (OIT)
  - Central Financial Services Department, including Payroll
  - Environmental Health & Safety (EH&S)
  - Risk Services
  - Police Department
7. Before the UCMVSP program can be deployed to a division, the Division Leader, defined as a Vice Chancellor/Executive Vice Chancellor level, must first identify what blanket groups within their organization are ineligible to participate (e.g. managers, supervisors, functional groups, or job categories).

UC Merced has the sole discretion to determine eligibility criteria and selection for participation.

### Eligibility for represented employees:

Participation by represented employees is subject to collective bargaining. The campus is contacting employee unions and will announce eligibility as it becomes available.

## C. Timing

1. The UCMVSP will be in effect from **1/11/2021** through **4/30/2021**.
2. The Application Period is **1/11/2021** through **2/5/2021** at **5:00 PM**.
3. Employees may withdraw their application any time prior to **2/5/2021 at 5:00 p.m.**
4. Final decisions will be made by **3/1/2021**.
5. The effective date of separation shall be **4/30/2021**.

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UC Merced Voluntary Separation Program Timeline		
1.	The UC Merced VSP Application period is:	January 11, 2021 thru February 5, 2021 at 5:00 p.m.
2.	Requests may be submitted by Electing Participants.	January 11, 2021 thru February 5, 2021 at 5:00 p.m.
3.	Requests reviewed by CHRO, Manager & Dept. Head.	January 12, 2021 thru February 19, 2021 at 5:00 p.m.
4.	Final determinations by Administration for participation in the VSP will be made.	No Later Than February 24, 2021 at 5:00 p.m.
5.	All accepted/approved Electing Participants will be notified and provided their VSP Release Form and the Estimated Cost/Payout on:	March 1, 2021
6.	Electing Participants may withdraw from the program any time prior to the end of the applicable period listed below.	
	<ul style="list-style-type: none"> <li>Employees <b>under 40</b> have <b>14 calendar days</b> to review, accept, sign and return Release Form</li> </ul>	March 1, 2021 thru March 15, 2021 at 5:00 p.m.
	<ul style="list-style-type: none"> <li>Employees <b>age 40 and over</b> have <b>45 calendar days</b> to review, accept, sign and return Release Form</li> </ul>	March 1, 2021 thru April 14, 2021 at 5:00 p.m.
	Revocation period – only for <b>age 40 and over</b>	
	<ul style="list-style-type: none"> <li>Employees <b>age 40 and over</b> have an additional <b>seven (7) calendar day</b> Revocation Period following the signing of the Release Form to withdraw their request</li> </ul>	April 21, 2021 at 5:00 p.m.
7.	Agreements are considered final	
	<ul style="list-style-type: none"> <li>For employees <b>under 40</b></li> </ul>	No later than March 15, 2021 at 5:00 p.m.
	<ul style="list-style-type: none"> <li>For employees <b>age 40 and over</b></li> </ul>	No later than April 21, 2021 at 5:00 p.m.
8.	Final Separation Date	April 30, 2021

### D. Application Process

1. Applications are submitted to Human Resources.
2. Applications will be considered in the order in which they are received.
3. Human Resources will notify department head and manager of units where employees have volunteered to be considered for the UCMVSP and will work with the managers as they determine whether or not the application can be accepted.

### E. Consideration Process

1. Consideration will be based on the operational needs of the unit as determined by the department head and manager in conjunction with the Divisional Leader. Approval of an application rests with the Division Leader subject to review by the Human Resources

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Office.

2. The decision is not subject to grievance under PPSM 70.
3. The University has the sole discretion to determine eligibility criteria and selection for participation in the UCMVSP.

### F. Severance Pay and Benefits

1. Severance payments are not to be considered covered compensation for UCRP purposes.
2. No individual severance payment granted under the program can exceed \$150,000. Any severance payment of \$100,000 to \$150,000 must be approved by the President of the University.
3. The UCMVSP entitles policy-covered employees to severance pay based on classification as follows:
  - PSS appointments will receive severance pay in the amount of one 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, in accordance with PPSM 60.
  - MSP (Managers 3 and below and equivalent) will receive severance pay in the amount of one month's pay (1/12 of annual base salary) for each full year of service up to a maximum of six months' pay, in accordance with PPSM 64.
4. 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.
5. For represented employees, the severance amount will be based on allowable amounts as determined by the appropriate collective bargaining agreement under the layoff provisions or by local agreement.
6. The University will withhold appropriate federal and state income and employment taxes from severance payments.
7. To be entitled to severance pay, an employee must separate from employment on **4/30/2021**. However, severance payments may be paid after **4/30/2021**.

### G. Requirements for managers

1. Managers must receive written approval from their Division Leader or Vice Chancellor prior to accepting a voluntary separation under this program.
2. Managers who decide to accept a voluntary separation may not fill the same position for at least **12** months in order to generate the funds needed for the severance program and savings toward budget reductions, *unless an exception is requested per #3 below*.
3. During the **12** month "No Re-Fill" period, and under applicable hiring freeze restrictions, managers may request an exception, after **six** months have elapsed,

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through the Hiring Freeze Exception Request Process to fill the position if (a) the vacant position is part of a restructuring plan that achieves a net reduction in positions or, (b) other exceptional relief is warranted.

4. After **12** months, requests to fill the position are subject to the requirements of any hiring restrictions or limitations that may be in effect.

### H. Requirements for Electing Participants

1. Electing Participants understand and agree that they will only be eligible for severance payments as described in Section F of this document and waive rights to seniority-based reassignment provisions or preferential rehire or recall benefits.
2. Electing Participants agree that the effective date of their separation will be **4/30/2021**.
3. Electing Participants understand that any future employment with the University will be governed by the employment procedures in effect at the time.
4. Reemployment: Electing Participants agree they will not be reemployed for a period of three years from their separation date under the UCMVSP:
  - by any UC location including labs, medical centers and the Office of the President;
  - in any appointment type;
  - at any percentage of time; and
  - in any classification.
5. 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.
6. Electing Participants understand and agree that, should they become re-employed by any entity of the UC prior to the completion of the three-year period, the Electing Participant will be required to make repayment to the UC Merced campus of a portion of the severance payment, explained below, prior to accepting any employment. The Electing Participant understands that if they fail to submit the reimbursement, at the sole discretion of the University they may be terminated from the new position and that termination will not be reviewable in any forum.
7. In order to be eligible for the benefits provided under the UCMVSP the Electing Participant must continue to perform as a satisfactory employee until the date of separation.

### I. Repayment of Severance

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## 1. Repayment Amounts

It is not anticipated that Electing Participants will return to UC employment for three years per the section on **Requirements for Electing Participants**. However, in the exceptional circumstance that an Electing Participant returns to any employment at the University during the three years following separation under the UCMVSP, 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 pursuant to a payment plan.
- 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 for the release of claims. 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 after 18 months, \$500 must be repaid ( $\$1500 \times 50\% = \$750$ , 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.
- If reemployed by UC at any time after 3 years after separation none of the severance is repaid.

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).

## 2. Repayment Options

In accordance with existing payroll policy (Accounting Manual, Receivables Management R-212-2, 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).

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## J. Calculating Severance

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

## K. Release

To receive the severance payments, an Electing Participant must terminate employment and sign a release of claims.

1. 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 must be given seven (7) calendar days after signing the release of claims to revoke the release and refuse the acceptance of severance pay. Severance is to be paid after the later of (a) the end of the seven (7) calendar-day revocation period, or (b) the Electing Participant's separation date. Separation dates may be determined on a case by case basis, but at the sole discretion of decision makers as outlined above.
2. 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 14 calendar days to consider, sign and return the approved release request.

## L. Health and Welfare Benefits Coverage

The University's normal contribution (if applicable) to the Electing Participant's medical, dental, vision, and Basic Life insurance coverage will continue through the last day of the last month for which premiums are paid. Coverage will terminate on this date unless the Electing Participant elects COBRA coverage or is eligible for retiree health and welfare benefits under the University's programs, in which case the terms of COBRA or the retiree programs are applicable.

In accordance with COBRA requirements, the Electing Participant may continue medical, dental, vision, 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. The Electing Participant should contact their local Benefits Office for additional information on COBRA requirements.

The Electing Participant will have 31 calendar days from the end of coverage to convert Medical Plans, Life Insurance, AD&D Insurance and Legal Plans to individual plans or elect portability for Supplemental Life Insurance, Basic and Expanded Dependent Life Insurance and Supplemental Health Plans. Continuation through conversion or portability is done at the Electing Participant's expense.

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An Electing Participant's Disability Insurance and Dependent Care FSA terminates on the last date of University employment and may not be continued, converted, or ported. Home/Auto Insurance and Pet Insurance terminates at the end of the policy contract year when termination occurred. At the end of the policy contract year, the Electing Participant may continue Home/Auto Insurance and Pet Insurance by contacting the vendors to request a continuation of coverage on an individual basis at the Electing Participant's expense.

### **M. No Right to Continued Employment**

The UCMVSP does not grant or create any right to continued employment and any pre-existing rules, policies or agreements regarding the employment of Electing Participants continue to apply.

### **N. Amendment and Termination**

The University may amend or terminate the UCMVSP at any time and for any reason before any payments are made under the **Release** section. The UCMVSP shall automatically terminate effective **4/30/2021**.