

<b>Program:</b>	Voluntary Separation Program (VSP)
<b>Effective Date:</b>	July 1, 2021
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## I. PROGRAM SUMMARY

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The Voluntary Separation Program (VSP) may be used for budgetary reasons to reduce spending and enable the implementation of workforce changes. This program provides direction and authority for locations to develop a local VSP plan.

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## II. DEFINITIONS

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Detailed information about common terms used within Personnel Policies for Staff Members (PPSM) can be found in [PPSM 2 \(Definition of Terms\)](#) and [PPSM 3 \(Types of Appointment\)](#).

For academic appointees, refer to the Academic Personnel Manual (APM) section [APM-110 \(Academic Personnel Definitions\)](#).

**Electing Participant:** An eligible employee who elects to participate in the Voluntary Separation Program (VSP).

**Regular Status Employee:** A career employee who is not required to serve a probationary period, or a career employee who has successfully completed a required probationary period and any extension thereof. For purposes of the VSP, an academic appointee who does not hold a student, visiting, or recall title.

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## III. PROGRAM TEXT

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### A. Overview

Locations may implement local VSP plans in accordance with these guidelines. Approval authority to implement a local VSP is delegated to the Chancellors, Lawrence Berkeley National Laboratory Director, Medical Center Chief Executive Officers as authorized by the appropriate Chancellor, and Executive Vice President-Chief Operating Officer.

Local VSP plans must be submitted, prior to implementation, to Systemwide Human Resources for review to ensure compliance with these guidelines. However, if a local VSP plan varies from these guidelines, it must be approved by the Chancellor prior to implementation and submitted to Systemwide Human Resources for the following:

- Review and approval by the Vice President-Systemwide Human Resources;
- Review and approval by the Vice Provost-Systemwide Academic Personnel and Programs when academic appointees are included in the plan;
- Review by the Office of the General Counsel; and
- Approval by Executive Vice President-Chief Operating Officer and the President

Locations will be notified in writing of Systemwide Human Resources' decision regarding their local plan. Once approved, locations may implement their local VSP plans.

## **B. Objective**

### **1. Eligibility**

The University has sole discretion to establish eligibility criteria for the VSP and for determining selection for participation. All regular status employees are eligible to participate in the VSP except the following:

- An employee in the Senior Management Group (SMG)
- An employee in the Managers and Senior Professionals (MSP) above Manager 3 and equivalent positions
- 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 Chief Investment Officer)
- An employee (SMG member, staff employee, or academic appointee) who previously separated from University service and elected monthly retirement income or a lump sum cashout under the University of California Retirement Plan (UCRP) or, alternatively, elected to receive UC retiree health benefits as a Savings Choice retiree
- An employee who, prior to the ending date of their local VSP, is entitled to separation or severance pay under another arrangement, agreement, or settlement with the University that is not part of this VSP
- An academic appointee holding student, visiting, or recall titles.

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 Systemwide Human Resources.

Academic appointees in titles specified in the local VSP may be eligible pursuant to approval by Systemwide Academic Personnel and Programs.

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

Eligible employees also include employees on an approved leave of absence.

## **2. Requirements for Participation in the VSP**

An Electing Participant must meet each of the requirements in this section to participate in the VSP.

### **a. Election**

An Electing Participant may submit the election form in accordance with their location VSP plan. For an election to be valid under the VSP, the election form must include a separation date agreed upon by the department head and Electing Participant.

### **b. Release of Claims Form**

An Electing Participant, who is under age 40 at the date of separation, must be given at least two weeks from the time the Electing Participant receives the Release of Claims form to consider and sign the form. Severance is to be paid after the Electing Participant's separation date.

An Electing Participant, who is age 40 or over at the date of separation, must be given 45 calendar days from the time the Electing Participant receives the Release of Claims form to consider and sign the form, including claims under the [Age Discrimination in Employment Act \(ADEA\)](#), and accept the offer of severance pay. The Electing Participant may sign the Release of Claims form at any time before the end of the 45 calendar day period. The Electing Participant must be given seven calendar days after signing the Release of Claims form to revoke the release and refuse the acceptance of severance pay. Severance is to be paid at the end of the seven calendar day revocation period or the Electing Participant's separation date, whichever is later.

## **3. Continued Employment**

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

## **4. VSP Payment**

No Electing Participant's VSP payment granted under the program can exceed \$150,000. Any Electing Participant's VSP payment of \$100,000 to \$150,000 must be approved by the President.

Service for purposes of calculating severance is based on full-time equivalent months of University employment and is determined at the sole discretion of the University. Time on pay status prior to a break in service is not counted. Only full

years of service are counted toward the calculation of severance pay. Severance payments will not be considered covered compensation for UCRP purposes.

Electing 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 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.
- MSP employees at Manager 3 and below and equivalent positions 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.
- Eligible academic appointees will receive severance pay as presented in the local VSP and approved by the Vice Provost–Systemwide Academic Personnel and Programs.

The University will withhold appropriate federal and state income and employment taxes from any severance payment due. A payroll earn code of "VTS" has been established in UCPath for paying severance in accordance with these guidelines.

**a. Additional VSP Payment**

In accordance with the local VSP plan, an Electing Participant may receive additional VSP pay along with severance. Criteria for consideration when determining the additional payment must include relevant skills, knowledge and abilities, documented performance, and length of service. Assessment of performance will be based on written performance appraisals and disciplinary records.

**5. Outplacement Assistance**

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

**6. Reemployment**

An Electing Participant should not be reemployed for a period of 36 months from the separation date under the VSP:

- by any University of California (UC) location
- in any appointment type;
- at any percentage of time; or
- in any classification

Employment includes any relationship with the Electing Participant and UC for which compensation is paid to the individual via the University payroll or any other UC payables or accounting system, including but not limited to:

- all career appointments (regardless of percentage of time);
- limited;
- floater;
- contract appointments;
- Employees (SMG members, staff employees, or academic appointees) who previously separated from University service and elected monthly retirement income or a lump sum cashout under the University of California Retirement Plan (UCRP) or, alternatively, elected to receive UC retiree health benefits as Savings Choice retirees; and
- Academic Personnel Manual policies as applicable.

Locations may choose to reemploy Electing Participants within 36 months based on operational need and in accordance with these guidelines and applicable policies. Approval authority to reemploy an Electing Participant within 36 months is delegated to the Chancellors, Lawrence Berkeley National Laboratory Director, Medical Center Chief Executive Officers as authorized by the appropriate Chancellor, and Executive Vice President-Chief Operating Officer.

In addition, if a location decides to rehire a former VSP Electing Participant, the hiring manager should review their personnel file to determine whether they previously separated from University employment and received a VSP Payment.

An Electing Participant should not be reemployed as an independent contractor or independent consultant in order to circumvent these guidelines and repayment of severance.

## **7. Repayment of Severance**

### **a. Repayment Amounts**

If an Electing Participant returns to any compensated employment at the University during the 36 months following separation under the VSP, repayment of a portion of severance to the University is required as a condition of employment in accordance with the provisions below, provided that the amount retained by the Electing Participant is at least \$1,000, which the Electing Participant may retain for signing the release of claims form. In no case will the amount retained by the Electing Participant be less than \$1,000.

- If reemployment occurs within 1-12 months after separation, the entire amount of the severance received must be repaid, less \$1,000 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 by the Electing Participant from the original lump sum payment is at least \$1,000.
- If reemployment occurs within 25-36 months after separation, 25% of the severance received must be repaid, provided that the amount

retained by the Electing Participant from the original lump sum payment is at least \$1,000.

For example, an Electing Participant who receives \$1,500 severance and is reemployed by the University after 6 months will be required to repay \$500 ( $\$1,500 - \$1,000 = \$500$ ); if reemployed after 18 months, \$500 must be repaid ( $\$1,500 \times 50\% = \$750$ , but \$1,000 total is to be retained for consideration, therefore, \$250 is deducted from the \$750 to arrive at the \$1,000 to be retained, leaving \$500 to be repaid); if reemployed after 30 months, \$375 must be repaid ( $\$1,500 \times 25\% = \$375$ ).

IRS regulations determine if the repayment amount is the net or gross amount of the severance payment received. If the repayment is made in the same year that the overpayment occurred, then the net (of withheld taxes) is the amount due. If the repayment is made in a subsequent year(s) the gross amount less the Electing Participant's share under the Federal Insurance Contribution Act (FICA) is the repayment amount.

#### **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)
- Installments by payroll deduction (requires approval of a repayment schedule)

### **8. 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 and/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.

An Electing Participant's Disability Insurance (Basic and Voluntary) terminates on the last day the employee is actively at work. The Dependent Care FSA (DepCare) terminates on the last date of University employment. Neither Disability insurance nor DepCare may 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.

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

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

#### **10. Amendment and Termination**

The University may amend or terminate the VSP at any time and for any reason. Local VSP plans must include a plan termination date.

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### **IV. COMPLIANCE / RESPONSIBILITIES**

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The Vice President-Systemwide Human Resources is accountable for reviewing the administration of the VSP systemwide to ensure compliance. The Vice President-Systemwide Human Resources will report the results of these reviews to the Executive Vice President-Chief Operating Officer and the President. At the conclusion of the local program, locations must submit VSP data to Systemwide Human Resources, including names of Electing Participants, position, department, 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, and reemployment and repayment information.

The University may periodically monitor a location's compliance with these guidelines.

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### **V. PROCEDURES**

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Each location is accountable for establishing and monitoring procedures to ensure that local administration of the VSP is in compliance with these guidelines.

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### **VI. RELATED INFORMATION**

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- Accounting Manual, Receivables Management R-212-2, and Appendices III-VI
- [Regents Policy 7706 \(Reemployment of UC Retired Employees Into Senior Management Group and Staff Positions\)](#)
- [Delegation of Authority 2218 \(Establishment of Voluntary Separation Program\)](#)

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## VII. REVISION HISTORY

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Guideline changes effective as of **July 1, 2021**:

- Updated language throughout document for clarity of VSP eligibility, requirements, reemployment, health and welfare benefits coverage, amendment, termination, and compliance.

Guideline changes effective as of **July 13, 2020**:

- Added clarifying language regarding SHR review of local VSP plans
- Updated section III.B.4:
  - Changed section title to VSP Payment
  - Increased VSP Payment up to \$150K with Presidential approval of payment between \$100-150K.
  - Added new section: Additional VSP Payment
    - Included language on option for local VSP plans and criteria for consideration of additional payment

Guideline changes effective as of **June 25, 2020**:

- Updated language throughout document for clarity of VSP eligibility, requirements, severance pay, repayment of severance and health and welfare benefits coverage.
- Increased severance payment up to \$100K with Presidential approval of severance between \$75-100K.
- Updated document format and removed redundant language.
- Updated web and document links and typographical amendments.

As a result of the issuance of these guidelines, the following document is rescinded as of the effective date of these guidelines and are no longer applicable:

- *University of California Voluntary Separation Program*, dated June 25, 2020
- *University of California Implementation Guidelines for Local Voluntary Separation Programs*, dated April 3, 2009