



# Voluntary Buyout Program (VBP)

**East Tennessee State University**

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# Rationale

The Voluntary Buyout Program (VBP) has been established to assist the University in addressing budgetary constraints due to state appropriation reversions and potential budget reductions in the forthcoming fiscal year. Savings realized from the VBP will also provide an opportunity to rebalance financial and human resources into highly strategic areas for the University. The VBP is designed to provide eligible employees who voluntarily elect to separate employment with the University with severance pay and severance benefits.

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# Eligibility

- Participation is strictly voluntary
  - Faculty and Staff actively employed with at least 6 months of University service in a regular position and not in a contingent upon grant-funded position
  - Additionally, faculty must be in an appt. that is associated with the expectation of continuous employment (excluding visiting professors, postdoctoral researchers, and employees on term appointments)
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# Excluded Functions

- University School faculty
  - Holders of the endowed Chairs of Excellence in various disciplines and fields
  - The President's Senior Staff
  - Gatton College of Pharmacy Faculty and Staff
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# Maximum Number of Participants

- Faculty: 28
- Hourly-Paid/Non-Exempt: 26
- Administrative or Academic Professional or Executive: 23

*The University, however, reserves the right, in its sole discretion, to accept and approve more applications than the maximum available under the VBP.*

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# Severance Payment

- 3 months base pay in effect on March 30, 2009
  - \$500 for each year of University service
  - An amount equal to your next longevity payment
  - An amount equivalent to 6 months of the University's portion of the monthly health insurance premium based on actual plan election as of March 30, 2009
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# Examples of Severance Payments

	<b>Admin Staff: 25 yrs of ETSU Svs Current Salary: \$2500/mo</b>	<b>Support Staff: 30 yrs of ETSU Svs Current Salary: \$12.50/hour</b>	<b>Faculty: 13 yrs of ETSU Svs Current Salary: \$54,000</b>
3 months base pay	$\$2,500.00 \times 3 =$ $\$7,500.00$	$((\$12.50 \times 1950 \text{ hours})$ $/ 12) \times 3 = \$6,093.75$	$\$54,000 / 9 =$ $\$6,000.00 \times 3 =$ $\$18,000$
\$500 service pay	$\$500 \times 25 \text{ years} =$ $\$12,500.00$	$\$500 \times 30 \text{ years} =$ $\$15,000.00$	$\$500 \times 13 \text{ years} =$ $\$6,500.00$
Next longevity payment	$26 \text{ years} \times \$100 =$ $\$2,600.00$	$30 \text{ years} \times \$100 =$ $\$3,000.00$	$14 \text{ years} \times \$100 =$ $\$1,400.00$
Amt Equal to ETSU's Portion of Health Insurance	$\$406.11 \times 6 =$ $\$2,436.66$	$\$1,013.92 \times 6 =$ $\$6,083.52$	No health insurance
<b>Total</b>	<b>\$25,036.66</b>	<b>\$30,177.27</b>	<b>\$25,900.00</b>



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# Severance Benefit Tuition Assistance

- Tuition assistance for any TBR or UT system entity for employee only
  - Maximum amount: \$5400 per fiscal year, for two years
  - Use for course tuition only that begins after July 1, 2009 through June 30, 2011
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# Additional Severance Benefits

- Membership in the ETSU Center for Physical Activity (CPA)
  - Faculty/Staff rate for ETSU athletic events
  - Continuation of ETSU email account for one year following Voluntary Separation
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# Re-employment

- Participant agrees, for a period of five (5) years from the Voluntary Separation Date, not to seek or accept employment in a benefits eligible position, including work as a regular employee, independent contractor, or consultant, with any State of Tennessee public postsecondary institution, which includes post retirement
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# Application Process

- Sign the VBP application indicating that you elect to voluntarily separate from employment and submit to VBP Administrator on or before May 15, 2009
  - Completed application forms must be delivered via: *Personal Hand Delivery, FedEx or UPS*
  - *Forms sent by facsimile, electronic mail, U.S. mail or campus mail will not be accepted*
  - The University will not be responsible for forms not received in the appropriate timeframe
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# Revocation of Application Process

- ❑ You may revoke your application on or before May 22, 2009, in writing, to the VBP Administrator
  - ❑ Revocation letter must be delivered via: *Personal Hand Delivery, FedEx or UPS*
  - ❑ *Forms sent by facsimile, electronic mail, U.S. mail or campus mail will not be accepted*
  - ❑ The University will not be responsible for forms not received in the appropriate timeframe
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# Approval Process

- On or before May 15, 2009 the VBP Administrator will review applications to verify eligibility
  - Participants will be notified no later than June 1, 2009 of approval
  - If not done previously, approved participants should notify their supervisors, in writing, of their Voluntary Separation Date
  - Participants' department will be notified no later than June 7, 2009 of approved participants
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# Clearance Process

- A participant's Voluntary Separation Date will be June 30, 2009 unless otherwise specified
  - Participants who also choose to retire, may choose an earlier Voluntary Separation Date
  - Any accrued and unused annual leave will be paid as a lump sum on the last regular payroll
  - Accrued salary for a 9-month faculty will be paid as a lump sum in the final payroll if not paid as regular summer salary
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# Clearance Process

- Retirement contributions are not paid on lump sum payments
  - Clearance and Separation Process should be initiated by the department and participant; this includes:
    - Return of University keys and property
    - Final completed timecard signed by the employee and supervisor
    - [Check-out form](#)
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# Waiver and Release Agreement

- To be eligible to receive the severance pay and benefits, participant must submit a signed Waiver and Release Agreement
  - Waiver must be signed and submitted to the VBP Administrator on the Voluntary Separation Date; can not be submitted earlier
  - By signing the agreement, the participant agrees that this separation is voluntary and will not make claims against the University nor apply for unemployment
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# Waiver and Release Agreement

- ❑ Should participant decline to sign the Waiver, his/her employment will terminate on the Voluntary Separation Date; however, participant will not be eligible to receive the severance pay
  - ❑ Participant may revoke the signed Waiver within 7 days of submission date; must be in writing and received via: *Personal Hand Delivery, FedEx or UPS*
  - ❑ If revoked, participant shall be deemed to have voluntarily resigned and no severance pay will be paid
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# Payment of Severance Pay

- ❑ Paid in lump sum within 31 days from the receipt of Waiver and Release Agreement
  - ❑ Will be subject to taxes; federal taxes at current withholding, as well as 7.65% for social security taxes
  - ❑ Is not eligible for deferral to traditional or Roth 401(k), 403(b), or 457
  - ❑ Retirement contributions will not be made on this amount
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# Additional Information

- [www.etsu.edu/humanres/VBP](http://www.etsu.edu/humanres/VBP)
  - Email [hammt@etsu.edu](mailto:hammt@etsu.edu)
  - Group information meetings to be arranged
  - One-on-one individual sessions with HR representative can take place **AFTER** the information meetings have occurred; call 439-4457 to make an appointment
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