

**Northland Community and Technical College
Board Early Separation Incentive (BESI) Business Plan**

Business Rationale

As was shared in the July 28th Northland Town Hall, Northland has a significant budget shortfall. This shortfall is due in part to decreasing enrollment since 2011. The enrollment has gone from 2,828 FYE in FY2011 to 1,563 FYE in FY22; An almost 45% decline in enrollment.

The decreased enrollment was offset recently, with the COVID stimulus monies, but that money is now exhausted. In addition, with no further increase in the State of Minnesota appropriations for Minnesota State for this biennium planned or likely, all the above factors have contributed to the projected budget shortfall of \$2.4 million dollars for FY23.

Northland has been using several strategies, over the past few years to help the budget situation, these include:

- As vacancies occur, they are reviewed by the Northland Executive Team to determine if the position will be filled or not.
- Non-personnel budgets have been trimmed from \$11,661,000 in FY2011 to \$5,872,000 in FY2021.

These measures, while helping some, have not been able to keep up with the declining enrollment.

The Minnesota State Board of Trustees adopted a policy in 2009 to allow early separation incentives, as authorized by Minnesota Statutes section 136F.481. As stated in Minnesota State Board Policy 4.11 Board Early Separation Incentive Program *the goal of the incentive program is to encourage early separation of selected employees from employment with Minnesota State Colleges and Universities, in order to:*

- 1) *Reduce salary and benefit obligations in anticipation of reduced state funding;*
- 2) *Reallocate resources to departments and programs in response to changing needs or strategic objectives; or*
- 3) *Achieve other cost savings or efficiencies.*

The offering of BESI's is part of an overall strategy to reduce the budget shortfall.

In addition, to offering BESI's Northland will utilize the following strategies:

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- Examine every position that becomes vacant closely to determine if the position needs to be filled.
- Reduction in workforce.
- Review the sustainability of all programs with low enrollment, exploring different ways to deliver curriculum, opportunities for short term credentials, and partnerships with industry to make programs more sustainable.
- Continue to maximize use of Leveraged Equipment and industry partners to keep down equipment costs.

Eligible Employee Groups

Board Early Separation Incentives (BESIs) will be offered to the following bargaining units: AFSCME, MAPE, MMA, and MSCF. These areas were identified after a review of the BESI criteria and the identification of areas that would not be backfilled or would see substantial savings through BESI offerings.

An employee may be provided a board early separation incentive only if all the following conditions are met:

1. The employee occupies a continuing position within Minnesota State at the time of separation from employment.
2. The employee's position is identified for elimination or replacement by the president or chancellor.
3. The employee is at least 55 years of age at the time of separation from employment.
4. The employee has completed at least five years of continuous service as provided in the policy.
5. The employee is eligible for employer contributions for health and dental insurance premiums, whether the employee chooses to receive them; and
6. The employee voluntarily accepts the board early separation incentive and signs a statement indicating his or her voluntary acceptance of the board early separation incentive and the date of the separation from employment.

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The following office areas, positions or disciplines/programs have been identified for BESI offers:

Position	Discipline/Program	Bargaining Unit
UFT (2 BESI offers/1 Accepted)	Automotive Serv. Tech/Autobody	MSCF
UFT (2 BESI offers/2 Accepted)	Aviation	MSCF
UFT (4 BESI offers/2 Accepted)	Biology	MSCF
UFT (2 BESI offers/2 Accepted)	Computer Technology Support	MSCF
UFT (1 BESI offers/1 Accepted)	Psychology	MSCF
UFT (1 BESI offer/1 Accepted)	Library Services	MSCF
UFT (2 BESI offers/1 Accepted)	English	MSCF
UFT (3 BESI offers/1 Accepted)	Mathematics	MSCF
UFT (3 BESI offers/1 Accepted)	Nursing, Practical	MSCF
Phys Plant Supervisor (2 BESI offers/1 Accepted)	Facilities	MMA
Asst. Director of FA (1 BESI offer/1 Accepted)	Financial Aid	MAPE
Aero Case Mgr/Advisor (1 BESI offer/1 Accepted)	Student Services	MAPE
CLA 2 (1 BESI offer/1 Accepted)	Academic Success Center	AFSCME
Enrollment Specialist (1 BESI offer/1 Accepted)	Registration & Records	AFSCME

BESI Offer

1. BESI incentives will be paid in accordance with Board Policy 4.11 Board Early Separation Incentive Program <https://www.minnstate.edu/board/policy/411.html>
2. Amount and Form of Incentive. The president or chancellor shall determine the amount of the board early separation incentive and the separation date, subject to the limitations and requirements of the policy. The total cost of a board early separation incentive paid under this policy shall not exceed the employee's annual base salary rate in effect at the time of separation. When determining the amount of a board early separation incentive, the president or chancellor shall consider any other separation payments or incentives available to affected employees.

- a. Northland President, Dr. Kiddoo has set \$40,000 or the employee's base salary (as of the employee's last working day), whichever is less, as the BESI offer amount for a separation date of May 12, 2023, or before.
3. Allocation of incentive. The board early separation incentive shall be allocated between health care savings plan contributions and cash payments as follows:

To the health care savings account, to the extent that:

- a. The president or chancellor has made available board early separation incentive funding for the individual in accordance with this policy; and
- b. Projected health care insurance premiums from the date of separation to age 70 (age 65 for faculty members represented by the Minnesota State College Faculty Association) would not otherwise be covered by the individual's applicable collective bargaining agreement or compensation plan.

To cash, to the extent that:

- c. If the board separation incentive exceeds the amount necessary to meet the contribution in 3b. of this part, payment shall be made in cash to the individual. If an employee is age 70 or older (65 or older for faculty members represented by the Minnesota State College Faculty Association), the BESI offer will be paid in all cash.

A cash payment shall not exceed the lesser of:

- i. The amount of the board early separation incentive available to the individual after contributions made under 3b. above.
- ii. The employee's annual base salary rate in effect at the time of separation.
- iii. The established limitations on cash payments in Minnesota Statutes sections 136F.481 and 43A.17, Subd. 11.

4. The Minnesota State System established BESI Calculators will be used to determine the ratio of the incentive to the health care savings plan and/or cash.

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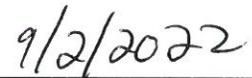
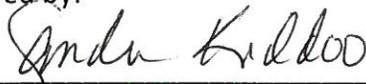
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5. The BESI's will be communicated to offered employees on Thursday, September 8, 2022. College-wide communication will be on Friday, September 9, 2022.
6. Employees who wish to accept the BESI must sign the Minnesota State Colleges and Universities Board Early Separation Incentive-Employee Acceptance Form and deliver it to Human Resources no later than 4:30 pm on Friday, September 30, 2022.
7. Up to a total of 26 BESI's will be offered and 17 accepted to specific positions. If all offers were accepted, Northland will have an estimated reduction of \$1,420,000 for FY24 and \$1,420,000 in fiscal years after FY24. If more BESI's are accepted in a particular discipline/program than there are BESI's available in that discipline/program, the college will determine by random selection, within the discipline/program, who will be awarded the allotted BESI's.
8. Employees must separate from employment on Friday, May 12, 2023*, or before on a date mutually agreeable to the employee and the college.
**The college president may agree to a later date, but not later than June 30, 2023 in the event of unexpected staffing demands in a program area/discipline.*
9. Northland does not anticipate offering BESI's again in the near future.

Communication Plan

1. Supervisors and/or Human Resources will first inform eligible participants via emailed letters on Thursday, September 8, 2022.
2. A college-wide town hall will be held on Friday, September 9, 2022, to communicate this plan out, as well as discuss the budget.

Approved by:



Signature of President

Date

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