

# **VOLUNTARY SEPARATION INCENTIVE PROGRAM**

(September 1, 2023 – February 29, 2024)

## **1. Purpose**

The county is facing significant budget shortfalls. The purpose of the Voluntary Separation Incentive Program (VSIP) is to allow and encourage county departments to plan how best to align the workforce with leaner organizations, while simultaneously minimizing the broad negative impact of involuntary staff reductions. The VSIP presents an opportunity for departments to offer lump-sum, post-separation payments to selected positions as an incentive for employees to voluntarily separate employment from the county.

When authorized by the Board of Supervisors, a department may offer the VSIP incentives to employees in approved positions who volunteer to separate by resignation or retirement. Eligible employees who voluntarily leave county employment afford departments the opportunity to minimize or avoid involuntary separations. By providing a separation incentive, the county departments may be better poised to strategically plan their future resources, realize financial savings, and avoid involuntary staff reductions.

## **2. VSIP Employee Eligibility & Participation**

Eligibility to participate in the VSIP shall be determined in accordance with the following conditions:

- a. Employee must currently be employed by the County of Humboldt and occupy a regular, allocated position.
- b. Employees must have achieved permanent status according to the County of Humboldt Merit System Rules; i.e. must have successfully completed the initial probationary period. Employees may be in promotional probation status and qualify for the program, so long as they have completed a probationary period in at least one Humboldt County class.
- c. Employees must occupy a classification identified on the VSIP Designation List, which is comprised of classifications and portions of programs selected by their department head for participation and approved by the Board of Supervisors, or County Administrative Officer and ratified by the Board (See Section 5.a Process). Department heads further determine the number of allocations within each identified classification, including classifications within specific budget units and/or program(s), eligible to participate.
  1. Department heads may also identify a program, the classifications and the total number of positions within those programs eligible for the VSIP. Employees must occupy a classification within the program identified by their department head in order to be eligible for the VSIP.
- d. The voluntary resignation date (last day in pay status with the county) must be effective on or after September 1, 2023, and on or before February 29, 2024.
  1. VSIP Resignation Letters must be submitted to their department head on or before August 31, 2023.

- e. To participate in the VSIP, eligible employees must sign the county-authorized, irrevocable VSIP Resignation Letter addressed to their department head and identify the effective date of their resignation (last day of employment with the county).
  - 1. The resignation must be submitted to the department head by 5 pm, Thursday, August 31, 2023. Additionally, the employee must sign the VSIP Waiver on the last day of employment.
  - 2. Once the VSIP Waiver has been signed and received by the department head, the county will authorize payment of the incentive.
- f. The county reserves the right to administer involuntary staff reductions.
  - 1. If an involuntary staff reduction precedes an employee's committed VSIP resignation date, the employee will no longer be eligible for the VSIP.
  - 2. By mutual agreement between the employee and department head, an employee may elect to modify their date of resignation prior to being laid off in order to exercise the VSIP agreement, and forego their lay off rights and associated benefits.
- g. In situations where fewer VSIP incentives are offered than there are employees in the job classification, position or program, eligibility will be determined on a first-come, first-served basis, based upon the date of receipt of the authorized VSIP Resignation Letter.
  - 1. In the event of a tie, the incentives will be determined based on seniority (see Section 5: Process).
  - 2. Any VSIP Resignation Letters submitted after the maximum number of incentives has been reached will not be considered and the employee will not be eligible to participate in the VSIP.
  - 3. Individuals who submitted a retirement or resignation notice to their department prior to July 18, 2023, with a separation date between September 1, 2023 and February 29, 2024, may be eligible for the VSIP incentive. However, such individuals will be considered to have submitted their VSIP Resignation Letter on August 31, 2023.
- h. Employees who accept a VSIP incentive may not be eligible to receive unemployment benefits based upon the employees' written acknowledgement that their decision to separate from county employment is entirely voluntary.
- i. Employees who voluntarily separate from county employment in conjunction with this program and receive the separation incentive are eligible to be rehired (unless an exception is made) into regular county employment for a period of not less than six (6) months from the date of separation.
  - 1. An exception may be made if:

- i. The separated employee chooses to apply for a position during an open county recruitment; and
    - ii. Human Resources receives authorization from the hiring department head to participate in an open recruitment, consistent with County Merit System Rules.
  2. This section establishes that under the exception provision, the former employee may be considered for employment.
    - i. If hired, VSIP re-payment provisions will apply.
  3. This section does not guarantee or imply any “rights” to return to any County position.
  4. A return to extra-help employment is permitted, if the use, hiring of, and duration of employment is consistent with Merit System Rules.
  5. Former employees who return to perform work on an extra-help basis will not be subject to the VSIP repayment provisions.
- j. All employees who are eligible and opt to participate in the VSIP, and subsequently return to regular classified county or at-will employment within twelve (12) months of the date of separation will be required to repay the county for the cash value of the incentive received according to the following schedule:
  - Return to work within six (6) months of date of separation: 90% repayment of the cash value. The employee may retain 10% of the cash value.
  - Return to work within a period of six (6) months and one (1) day through twelve (12) months after date of separation: 50% repayment of the cash value. The employee may retain 50% of the cash value of the incentive received.
- k. Eligible employees will receive the incentive on a pro-rated basis according to the position allocation occupied, and the following schedule:
  - .75 FTE – 1.00 FTE receive 100% of the corresponding incentive
  - .5 FTE - .74 FTE receive 75% of the corresponding incentive
  - .49 FTE and below are not eligible for the VSIP
  1. Employees who hold partial FTE in multiple job classes must occupy only one eligible position to be eligible to participate in the VSIP program, and must fully resign from county employment. The FTE assigned to the employee in the eligible position must be greater than .49 FTE.
- l. Employees in approved classifications or positions are NOT eligible for the VSIP under the following conditions:

1. Have received decision notice of termination for misconduct or poor performance within the VSIP effective dates (September 1, 2023 – February 29, 2024), or which results in an involuntary separation during the effective period.
2. Are currently employed in a position allocation of less than .5 FTE.

**3. Incentive Payment Provisions**

- a. An eligible employee participating in the VSIP shall receive a cash payment paid post separation from employment from the county and subject to all state and federal tax withholding. The separation pay will be in exchange for signing a release of any claims against the county.
- b. Retirement eligibility and/or benefits are not impacted by this Program.
  1. The cash payment occurs post employment and is not deemed part of “final compensation” for purposes of calculating retirement benefits.
- c. VSIP eligible employees with a resignation date falling on or within the specified date windows as outlined in the following table:

Employees with 10 years or more of service to the County of Humboldt at the date of resignation:

- (Sept. 1, 2023 – Sept. 31, 2023), will receive an incentive payment of \$20,000,
- (Oct. 1, 2023 – Oct. 31, 2023), will receive an incentive payment of \$17,000,
- (Nov. 1, 2023 – Nov. 30, 2023), will receive an incentive payment of \$15,000,
- (Dec. 1, 2023 – Dec. 31, 2023), will receive an incentive payment of \$13,000,
- (Jan. 1, 2024 – Jan. 31, 2024), will receive an incentive payment of \$12,000,
- (Feb. 1, 2024 – Feb. 29, 2024), will receive an incentive payment of \$10,000.

Employees with fewer than 10 years of county service at the date of resignation:

- (Sept. 1, 2023 – Sept. 31, 2023), will receive an incentive payment of \$15,000,
- (Oct. 1, 2023 – Oct. 31, 2023), will receive an incentive payment of \$12,000,
- (Nov. 1, 2023 – Nov. 30, 2023), will receive an incentive payment of \$10,000,
- (Dec. 1, 2023 – Dec. 31, 2023), will receive an incentive payment of \$8,000,
- (Jan. 1, 2024 – Jan. 31, 2024), will receive an incentive payment of \$7,000,
- (Feb. 1, 2024 – Feb. 29, 2024), will receive an incentive payment of \$5,000.

(All payments shall be subject to all state and federal tax withholding and program requirements).

**4. Department Conditions**

The following conditions must be met by departments who offer the VSIP to classifications and/or positions within their department:

- a. In order to address the county's projected budgetary shortfall, department heads will identify eligible classifications in their department and the maximum number of separation incentives per classification to be authorized.
  1. Classifications may be identified by budget unit or program, as defined by the department head. For example, a department head may offer two (2) total VSIP incentives to "X" classification assigned to "X" program.
  2. Department heads may also identify a program and the total number of positions within those programs eligible for the VSIP. For example, a department head may offer two (2) total VSIP incentives for "X" program, while also identifying all of the classifications within that program that are eligible for the two (2) total VSIP incentives.
    - i. Employees must occupy a classification within the program identified by their department head in order to be eligible for the VSIP.
- b. Department Heads will identify currently funded positions that will remain vacant for a two (2) year period, for each incentive paid.
  1. Savings for position(s) identified to remain vacant must equate to at least 90% of the annual base salary cost of the position taking part in the VSIP. If the savings do not equal 90%, departments must gain CAO approval.
    - i. Department Heads will be responsible to show an analysis of the costs and savings derived for their 2023-2024 departmental budgets.
    - ii. Departments may use up to 50% of the salary savings experienced from the VSIP, after funding the separation incentive payment, for extra help expenses to offset the reduction in staffing.
    - iii. Savings experienced through the use of VSIPs will be applied as a credit to future years of reductions in General Fund allocations.
    - iv. The Board of Supervisors reserves the right to deallocate any and all vacancies being held vacant as a result of this program, should economic conditions not improve in subsequent years.
  2. Department Heads will also be responsible for analyzing all necessary budgetary/service delivery implications of vacancies created by an employee voluntarily participating in the VSIP, and will identify the strategy, plan, and timing designed to adjust the size of the organization in a manner that reduces costs, avoids layoffs, and meets departmental budgetary and fiscal objectives.
  3. After the two (2) year period has elapsed, departments may request the Board approve filling the position.
    - i. Positions may be held vacant for an additional period up to two (2) years from the date of resignation, with Board approval.

- c. Received, authorized eligible VSIP Resignation Letters shall be forwarded to Human Resources and the County Administrative Office for tracking purposes.
  - 1. Incentive payments will originate with the department.
- d. Departments will be responsible for notifying all employees in the eligible job classification or position of their VSIP eligibility and the number of VSIP incentives to be offered, and for establishing the first-come, first-served order of approval for accepted VSIP resignations.
- e. VSIP incentives may not be withdrawn once approved by the Board of Supervisors or added by the CAO, and will remain in effect until the end of the VSIP effective dates.

**5. Process**

- a. The Board of Supervisors shall adopt by a list of eligible classifications (“Designation List”) and the maximum number of VSIP incentives per classification to be offered within each department, budget unit or program.
  - 1. The CAO may approve additions to the Designation List, with updated lists to be ratified by the Board.
- b. Departments will be responsible for notifying employees of their eligibility in the VSIP, and distributing program information and forms by July 21, 2023. A consideration period for employees will follow.
- c. VSIP Resignation Letters may be received by departments beginning August 1, 2023 until August 31, 2023. Employees who are on leave or otherwise not able to submit their VSIP Resignation Letter on August 1, 2023 may submit their letter in advance of August 1, 2023, however, except as noted below, VSIP Resignation Letters received prior to August 1, 2023 will be considered by the department to have been received on August 1, 2023.
  - 1. All VSIP Resignation Letters must be accepted in the order received, except as noted below, and departments are responsible for identifying and establishing the order of receipt.
    - i. Individuals who submitted a retirement or resignation notice to their department prior to July 18, 2023, with a separation date between September 1, 2023 and February 29, 2024, may also submit a VSIP Resignation Letter. However, such individuals will be considered to have submitted their VSIP Resignation Letter on August 31, 2023.
  - 2. Once the maximum number has been received, additional VSIP Resignation Letters will not be accepted as eligible for the program, and additional letters will be null and void, unless the department head requests, and the Board or CAO approves as required, an amended maximum number for that classification before the end of the VSIP program period (February 29, 2024).

- i. Departments will have the opportunity to amend the Designation List during the program's duration, with Board or CAO approval as required.
  - ii. In the event that an amended Designation List results in a new classification becoming eligible for the VSIP, departments will be responsible for notifying the positions that are eligible, and a 2-week period, beginning the day after the Board adopts the new list or the CAO approves the addition, will follow during which employees may apply. Incentive payments will follow the same schedule listed in this program.
- d. In the event that more eligible employees apply for the VSIP than there are incentives available, the number of designated incentives shall be awarded on a "first-come, first-served" basis.
  1. If two or more employees apply on the same day, the tie shall be broken by the use of seniority as determined by the Merit System Rules for layoff purposes, with the VSIP program/payment to be awarded to the most senior employee.

**6. Term**

Subject to approval by the Board of Supervisors, VSIP incentives will only be offered to eligible employees who submit their VSIP Resignation Letter prior to August 31, 2023. The effective date of resignation must be on or after September 1, 2023 and up to and including February 29, 2024.

**7. Communication**

The county and employee organizations may develop and distribute literature to represented employees that publicizes and explains the VSIP.