

**St. Cloud State University
Board Early Separation Incentive (BESI) Program
Frequently Asked Questions**

1. What is a BESI?

A “BESI” (Board Early Separation Incentive) is a Minnesota State Colleges and Universities incentive designed to encourage early separation of selected employees from employment with Minnesota State Colleges and Universities, in order to reduce salary and benefit obligations in anticipation of reduced state funding; reallocate resources to departments and programs in response to changing needs or strategic objectives; or achieve other cost savings or efficiencies. The BESI is intended to supplement the range of budget management options available to the university. See [Minnesota State Board Policy 4.11](#) for additional information.

2. Why is St. Cloud State University offering BESIs?

St. Cloud State University is anticipating a shortfall in its base budget for fiscal year 2022 of approximately \$14.9 million. In order to offset the anticipated shortfall and allow strategic investment of available resources, it was determined beneficial for the university to encourage early separation of faculty and staff.

3. How many BESIs will SCSU accept?

SCSU has determined it is willing to accept up to 72 BESIs.

4. Who is eligible for a BESI?

A Minnesota State Colleges and Universities’ employee may be provided a Board Early Separation Incentive only if all of the following conditions are met:

- The employee occupies a continuing position within Minnesota State Colleges and Universities at the time of separation from employment
- The employee's position is identified for elimination or replacement by the president
- The employee is at least 55 years of age at the time of separation from employment
- The employee has completed at least five years of continuous service as provided in Minnesota State Board Policy 4.11 Board Early Separation Incentive Program
- The employee is eligible for employer contributions for health and dental insurance premiums, whether or not the employee chooses to receive them
- 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

5. Are all eligible employees offered a BESI?

No. The president has sole discretion over whether or not to offer BESIs; she identifies work units (e.g. roster, job classification) or departments where position elimination or replacement aids the university in meeting its strategic goals. Within the identified department or work unit, however, all BESI-eligible members of a specific bargaining unit will be offered the BESI incentive.

6. Will a BESI be offered to an IFO bargaining unit member if the member is cross-rostered in a roster where BESIs will be offered?

Normally no, BESIs offered to IFO bargaining unit members will be offered by roster without considering cross rostered faculty. However, if a cross-rostered member of a department will be considered this will be noted in the university’s BESI Plan.

7. How will I know if I am offered a BESI?

All employees who are offered a BESI will receive an offer letter at their home address sent via the United States Postal Service. This year, offers to IFO employees will be sent on January 26, 2022 and must be

returned on or before February 21, 2022, 4:30 p.m. Offers to non-IFO employee groups will be sent on February 2, 2022 and must be returned on or before 4:30 p.m., February 28, 2022.

8. If I am offered a BESI, do I have to accept it?

No. You may choose to accept or not accept the BESI.

9. If I am offered a BESI, how long do I have to decide if I want to accept it?

You will have a minimum of 21 days from the date of the BESI offer to accept the BESI. Specific instructions and dates will be included in the BESI Offer Letter (also see above Question 7.)

10. If I elect to accept the BESI, am I required to submit a hard copy of the BESI Employee Acceptance Form to the Office of Human Resources?

Although we prefer you submit the original signed copy of the BESI Employee Acceptance Form to the SCSU Office of Human Resources, we understand this may not always be possible. You may scan the signed form and submit it electronically to humanresources@stcloudstate.edu. It is important the signed form is received by the SCSU Office of Human Resources by the time and date identified in the BESI Offer Letter.

11. Who determines the value of the BESI? What is the value of the BESI offered by SCSU?

The president establishes the value of the BESI incentive. SCSU is offering either 50% of base salary or 2.5% of base salary x years of service, whichever is greater. The minimum BESI incentive is \$30,000; the maximum BESI incentive is 100% of the employee's base salary. The BESI incentive is calculated using the base salary at the time of the BESI offer. *The BESI is in addition to separation/severance payments, as defined in the specific bargaining unit agreements, available to retiring employees.*

12. How are "years of service" calculated when determining the BESI payment?

For the BESIs offered in FY22, SCSU has approved a model of calculating the years of service as of on/about November 30, 2021. Years of service are calculated as a percentage of the year as of November, and are not rounded up to a whole number. Therefore, the 2.5% of salary for each year of service is calculated using the whole years of service and the percentage of a year of service (expressed as a decimal value) completed as of November 30, 2021. This is the model approved by the University for calculating the BESI incentive based on 2.5% of salary per year of service.

13. How will the BESI incentive be paid?

As prescribed in Minnesota State Board Policy 4.11, BESIs shall be allocated between health care savings plan (HCSP) contributions and cash payments as follows:

- Human Resources (HR) will determine the amount needed for the retiree to pay the employee's health insurance premiums from retirement to age 70 (age 65 for IFO members). That amount of the BESIs will be allocated to the health care savings account
- If the Board Early Separation Incentive (BESI) exceeds the amount necessary to meet the contribution as described above, payment shall be made in cash to the individual. If the amount of the BESI is less than the amount determined above no cash payment will be made. Any cash payment shall not exceed 100% of base salary per Minnesota Statutes sections 136F.481 and 43A.17, Subd. 11. If the 100% of base will be exceeded the remaining funds will be paid into the HCSP.
- If the retiree is eligible to receive a cash payment, FICA/Medicare taxes will be withheld, unlike payments to the HCSP which are not taxable.

14. What is a Health Care Savings Plan (HCSP)?

The HCSP is an employer-sponsored medical savings account. When you separate from employment, you may access the funds to reimburse eligible medical expenses. Funds placed in the HCSP are pre-tax which often provides you with greater value than getting the funds paid in cash and taxed. You may find more information about the HCSP at [Minnesota State Retirement System](#). A [document](#) listing eligible medical expenses is also available.

15. If I accept a BESI am I still eligible for severance and other separation payments that are part of my bargaining agreement?

Yes. The BESI is an incentive *in addition to* separation/severance payments available to retiring employees who meet the eligibility requirements as defined in their respective bargaining unit agreements. The IFO agreement has special provisions for eligible employees. Those provisions are described in the IFO BESI offer letters.

16. If I am an IFO member and currently on an Annuitant Employment Program (AEP) or on a phased retirement program, am I eligible for a BESI?

No. IFO members on an AEP program are already receiving retirement benefits. IFO members who are participating in a phased retirement program, with an established date for final separation from employment, are also receiving retirement benefits. Both circumstances make a faculty member ineligible for a BESI.

If an employee is rostered in an area that is being offered BESIs and has applied for Phased Retirement and has not yet begun the phased retirement, they may request to withdraw from the phased retirement program. Once the withdrawal is approved, A BESI may be offered. In this circumstance, please contact a HR Benefits Specialist immediately as this is a time-limited offer.

17. Are there limits to how many BESIs will be accepted by the university? What if there are more people willing to accept a BESI than there are BESIs determined to be available?

The president may limit the number of BESIs that will be available within a work unit (e.g. roster, job classification) or department. If the number of interested eligible employees within a work unit/department exceeds the limit set by the president, a random selection process will be used to determine the BESI recipient.

18. If I accept a BESI, may I accept a different position within the Minnesota State System?

If you accept a BESI, you are precluded from employment within the Minnesota State Colleges and Universities System for one year from your date of separation.

19. If I accept a BESI, may I accept a position with a different State of Minnesota agency or with an institution outside the Minnesota State System?

If you accept a BESI, you may accept employment at other State of Minnesota agencies and at institutions outside the Minnesota State Colleges and Universities System.

20. If I am an IFO faculty member; and I am/was on sabbatical during AY22; and I am eligible for a BESI; and BESIs are offered to my roster, will I be offered a BESI?

It depends.

- If a faculty member is on sabbatical for AY22 or during Spring Semester 2022, they will not be offered a BESI because they will be required to separate from employment before they would be able to fulfill the 12 credit post-sabbatical requirement as defined in Article 19 Section C of the IFO Bargaining Agreement.
- If a faculty member had a Fall Semester 2021 sabbatical and fulfills the 12 credit post-sabbatical requirement during Spring Semester 2022, they could be offered a BESI because they would have fulfilled the 12 credit post-sabbatical requirement.
- Note: Faculty members who have been offered/accepted sabbaticals for 2022-2023 may request to rescind their sabbatical application if BESIs are offered to them.

21. Can an IFO member who accepts and receives a BESI in the spring of 2022 teach in the summer of 2022?

No. The faculty member will have agreed to separate from employment at the end of Spring Semester 2022 and will not be eligible to teach in summer of 2022.

22. Can an employee who has accepted a BES I access/use professional development or professional improvement funds after they have separated from employment?

No. These funds are available only to employees of the university. Once an employee has separated from SCSU they no longer have access to professional development or professional improvement funds.

23. Will BESIs be offered next year?

While we cannot predict this with any certainty, at this point, it seems unlikely. BESIs require a significant investment by the institution and are used only when it they are a viable financial strategy.

24. The retirement offer I received from SCSU includes both a “separation calculator,” and a “BES I calculator”. How do I determine the total dollar amount of the retirement package (BES I + severance/separation) I am being offered? How do I determine the amount of the retirement package that will go into my Health Care Savings Program (HCSP) Account and the amount of the retirement package I will receive in a cash payment?

To determine the total dollar amount of the BES I incentive you will receive in your HCSP and/or in cash, add together the “BES I Cash” amount (line 38 of the BES I calculator) and the “BES I HCSP” amount (line 39 of the BES I calculator). This sum is the total BES I payment you will receive.

Note: If part of the BES I incentive is paid in cash (line 38), taxes must be deducted and paid on the cash amount; thus, the total of lines 38 and 39 will be less than the amount listed on line 40. Line 40 on the BES I calculator is the total BES I incentive, prior to withholding taxes on the cash portion of the BES I payment.

38	BES I CASH To Be Paid	\$18,591.37
39	BES I HCSP To Be Paid	\$25,398.30
40	TOTAL BES I	\$45,411.91

Separation incentives (e.g. severance pay, vacation payout, etc.) vary by bargaining unit agreement. Their method of distribution (cash or HCSP) also may vary by bargaining unit agreement. You will find the itemized separation payments in the “Payroll Information” section at the bottom of the separation calculator.

To determine the total dollar amount of the separation/severance payment you will receive, you will need to add together all the itemized payments from the “Payroll Information” section.

To determine the total amount to be deposited into your HCSP account, you need to sum the itemized payments designated to go to HCSP from the “Payroll Information” system. To determine the total amount to be paid in cash, you need to sum the itemized payments designated to go to be paid as cash in the “payroll information” section.

Below is an example of a “Payroll information” section from a separation calculator for an employee in AFSCME. Note: Payroll Information sections may var by bargaining unit.

Payroll Information:			
Sick HCSP:	Assn Type:	Earn Code:	PPE:
Sick Cash:	Assn Type:	Earn Code:	PPE:
Vac HCSP:	Assn Type:	Earn Code:	PPE:
Vac Cash:	Assn Type:	Earn Code:	PPE:
Comp:		Earn Code:	PPE:
Floating:		Earn Code:	PPE:
HCR:		Earn Code:	PPE:

25. Who may I contact if I have further questions?

Please contact your [Human Resource Benefits Specialist](#) in the Office of Human Resources if you have further questions about this BESI program.

To view Minnesota State's FAQ sheet regarding BESIs, click **HERE**