Voluntary Employee Separation Program (VESP) & Voluntary Furloughs

Presented by:
Dr. Ronald R. Heezen, Executive Director
Fred James, CPA, Deputy Director/CFO
Floresto Cabias, CPA, Assistant Finance Director
Cost Reduction Measures

Due to an expected decline in revenues and challenging economic conditions, Financial Services is proposing options to reduce costs while maintaining essential services.

- Voluntary Employee Separation Program (VESP)
- Voluntary Furloughs
Voluntary Employee Separation Program (VESp)
Voluntary Employee Separation Program (VESP)

- VESP will offer employees payment to voluntarily separate based on years of service.

- Allows employees to voluntarily leave employment by resignation or retirement:
  - Employees have the right to participate or not.
  - District will not anticipate any given employee’s participation.

- Available to all eligible employees.

- Eligible District employees:
  - Must be currently employed for a minimum of five years with the District and vested in PERS.
  - Must be serving in a permanent position.
    - Current part-time employees, who are vested in PERS, are eligible.
VESPM (Cont.)

- VESP Payment
  - Lump Sum Payment:
    - One full week of compensation based on full-time equivalent status for each year of service
    - Employee can elect to have the District purchase:
      - PERS service credit on their behalf, up to the lump sum payment or less, per PERS policy
      - Up to 18 months of COBRA health insurance with Teamsters 14

- Employees are not eligible for rehire for 36 months from date of separation
VESPA (Cont.)

- Application Process
  - Accepted from June 5, 2020 to July 15, 2020
  - Must submit application to the HR Department and provide a copy to their respective department head
  - If accepted, must separate by September 4, 2020
    - This date can be extended for applicant of critical positions at the discretion of the Executive Director

- Position must be vacant until the cost of the position is recovered
  - Position can be filled by employees from other lower level vacant positions at a future date

- Reduction in staffing levels and higher salaries results in permanent savings
Voluntary Furloughs
Voluntary Furloughs

- The Executive Director may allow unpaid voluntary furlough leave in 30 day increments, which may be extended depending on operational needs
  - The employee will be notified at least one week in advance whether to return to work or that their furlough has been extended
- Employees are not required to take voluntary furlough hours
- Voluntary furlough hours are not PERS-compensable. Employees will not receive PERS service credit during the period of voluntary furlough
- Voluntary furlough requests must be approved by the employee’s department head
- Employees will not receive salaried, hourly compensations, or special pays during periods of voluntary furloughs
Voluntary Furloughs

- A voluntary furlough shall have no effect on the following:
  - Performance evaluations, merit increases, or annual pay increases
  - Longevity, anniversary, or seniority dates
  - Vacation and sick leave accruals during the voluntary furlough period
  - Holiday eligibility

- A voluntary furlough will not constitute a break in service

- At the expiration of the voluntary furlough, the employee will return to the position held prior to the voluntary furlough

- The District will pay the employer portion of all insurance contributions during the voluntary furlough period
Voluntary Furloughs

- Employees may request the use of voluntary furlough in conjunction with the Family Medical Leave Act.

- The District will continue paying the following benefits:
  - Medical, vision, dental insurance
  - Long-term care
  - Voluntary employee life insurance
  - Voluntary Spouse life insurance
  - Voluntary dependent life insurance
  - District life insurance
  - District dependent life insurance
  - District employee accidental death & dismemberment insurance
  - AFLAC insurance products
  - Bonus hours (paid on the furlough effective date)
Voluntary Furloughs

- The District will not pay the below listed employee benefits (where applicable):
  - Contributions to PERS and its affect on years of service
  - Flexible spending account
  - Accrual of vacation, sick, and longevity
  - Seniority accrual
Questions?