

# Voluntary Separation Incentive Policy

Knox County Housing Authority  
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## Article I. Purpose/Scope of the Policy

**Section 1.01** The Knox County Housing Authority (KCHA) is implementing a Voluntary Separation Incentive Program (VSIP) as an employee-centered strategy for making appropriate workforce adjustments and creating opportunities for organizational renewal and invention. This initiative is appropriate given the changing organizational operating environment resulting from the COVID-19 pandemic and other evolving dynamics affecting public housing agencies in general.

**Section 1.02** The VSIP gives the agency the option to offer its employees a financial incentive to voluntarily separate from service through either retirement or resignation. The policy aims to reduce salary costs and FTE usage, as well as to facilitate re-organization, delayering, and other efforts to make more effective use of staffing resources.

**Section 1.03** This is not an early retirement program. It is not to be used to target employees on the basis of individual or personal factors.

**Section 1.04** The agency has the discretion to design an incentive formula and process that best meets its business needs and objectives, provided that the program is consistent with the basic provisions outlined below.

**Section 1.05** This incentive policy becomes effective upon adoption by the Knox County Housing Authority Board of Commissioners.

## Article II. General Provisions

**Section 2.01** The KCHA Executive Director shall have full responsibility for VSIP communication and administration, validating employee eligibility, determining incentive compensation, and providing final approval of employee into the VSIP.

**Section 2.02** The incentive program is a management tool, not an employee right or benefit. No employee will have a contractual right to a financial incentive offered through this program.

**Section 2.03** Each eligible employee is invited to evaluate and consider the VSIP, along with its associated benefits, and determine whether the VSIP is a beneficial and desired action. No KCHA official/supervisor can require or direct any eligible employee to apply for the VSIP or prohibit them from doing so. Applying to participate in the VSIP is a voluntary, employee-initiated action only. Submitting a VSIP application does not in any way change an employee's current employment status or conditions at KCHA and may not be used as retaliation against an employee with respect to future terms and conditions of employment.

**Section 2.04** Incentive programs must be cost neutral or result in cost savings.

**Section 2.05** The maximum incentive amount that may be offered is \$40,000, subject to standard employment taxes and withholdings.

- (a) Incentive amount to be paid shall not exceed a participating employee's remaining annual base pay plus benefit compensation as of the effective date of a separation incentive program agreement.

- (b) This incentive amount may be taken in the following forms:
  - (i) Lump sum payment;
  - (ii) Bi-weekly payments;
  - (iii) Standard base salary or wage earnings;
    - 1) Base salary does NOT include overtime pay, stipends, temporary rates/salaries, one-time payments, or supplements.
    - 2) For hourly employees, base salary is the calculated annual pay based on the employee's established hourly rate of pay for the number of hours customarily worked for such position in a fiscal year period.
  - (iv) Benefit contributions (i.e. medical insurance, retirement);
  - (v) Any combination thereof.

**Section 2.06** A program will commence on the date of approval unless the agency specifies a later commencement date in its program. Cost recovery must be completed within two years of the effective date of an employee's approved participation.

**Section 2.07** Employee Eligibility

- (a) To be minimally eligible for a separation incentive, an employee must:
  - (i) Have full-time employment status in good standing;
    - 1) "Good Standing" means, on the applicable date, the employee:
      - a) Is actively employed by the KCHA;
      - b) Has not tendered written notice of intent to resign or retire effective as of, on, or before, the applicable date; and
      - c) Has not behaved in a manner that would be grounds for termination for cause, per KCHA Personnel Policy.
  - (ii) Be of the minimum age of 55;
  - (iii) Have completed 20 continuous years of service with the Knox County Housing Authority;
    - 1) Each full-time year of service shall be counted as one full year of credited service toward this benefit. A partial year of service shall be prorated. For purposes of this policy only, a break in service (excluding an approved medical leave of absence, periods of military leave, short-term absences due to illness, or maternity leave, which are not considered a break in service), will not be counted.
    - 2) Any years where an employee worked part-time, but was at least 20 hours weekly, will be counted as one-half year of credit. Years where service averaged less than twenty hours weekly will not be counted for service toward this benefit. Years of service as a substitute or temporary employee will not count toward this benefit.
  - (iv) Have not received a previous separation incentive.

**Section 2.08** Individuals offered an incentive will be given sufficient time from the date of receiving accurate and complete information about the offer to then make a decision. Employees choosing to accept an incentive offer will sign a form indicating that their decision to participate is entirely voluntary.

**Section 2.09** Employees accepting a separation incentive are ineligible for unemployment compensation.

**Section 2.10** All accruals of and eligibility for paid time off shall cease as of the effective date of the VSIP.

**Section 2.11** Regarding an employee who receives VSIP separation pay and accepts reemployment with the KCHA within five years after the date of the separation on which payment of the separation pay is based, benefits under this program shall immediately cease, and the employee must repay the entire amount of the separation pay received to the KCHA.

### **Article III. Process**

**Section 3.01** Availability of this incentive program shall be communicated to all KCHA employees at the following manner:

- (a) Earliest possible date of convenience following adoption by the KCHA Board of Commissioners;
- (b) To all new hires of the agency;
- (c) At adoptions, automatically amends and becomes part of the KCHA Personnel Policy.

**Section 3.02** KCHA intends to allow as many eligible and interested employees as possible to participate in the VSIP; however, KCHA reserves the right to limit the total number of participants to preserve vital programs and services, critical talent and maintain the agency's financial resources while achieving the core objectives of the VSIP.

**Section 3.03** KCHA, at its discretion, may amend or terminate the VSIP Program, provided that such amendment or termination will not change any rights or interests of any eligible employee who may have made a qualified election under the program prior to such amendment or termination.

**Section 3.04** After the effective date of this policy, any employee meeting the above eligibility requirements may submit a request for a voluntary separation incentive program to the Executive Director.

**Section 3.05** To apply for the VSIP, an eligible employee must submit a KCHA VSIP Notice of Interest Application to the Executive Director.

**Section 3.06** The Executive Director shall review the request and have responsibility to determine the following:

- (a) Employee eligibility for benefits under this incentive program;
- (b) Total amount of compensation available to employee under this incentive program.

**Section 3.07** KCHA Executive Director shall issue a written notice of said determination:

- (a) For approvals – Acknowledgment of eligibility; date of approval; total amount of compensation available
- (b) For denials – Reasons for and date of denial.

**Section 3.08** All discrepancies concerning eligibility shall be determined solely by the Executive Director and are not subject to review or formal appeal through any agency process.

**Section 3.09** VSIP applicants who are approved as VSIP participants will be provided with a VSIP Voluntary Separation Waiver and General Release Agreement which must be signed by each VSIP participant in order to be eligible for the VSIP incentive and benefits.

- (a) By signing the Agreement, employees waive all claims and all rights to make a legal claim against KCHA, the KCHA Board of Commissioners, or agents of the authority regarding the terms or conditions of their voluntary separation.
- (b) The Waiver and General Release Agreement covers any claims arising under federal, state and local laws, including, but not limited to, the Age Discrimination in Employment Act (ADEA) and the Older Workers Benefit Protection Act (OWBPA).
- (c) The Agreement does not apply to rights or claims that arise after an employee has signed the Agreement and separated from employment.

**Section 3.10** A proposed VSIP participant may revoke (withdraw) a previously submitted VSIP Voluntary Separation Waiver and General Release Agreement within seven (7) days from the date the Agreement is executed.

- (a) An employee who wishes to withdraw from the VSIP must submit written notice as such. The written notice must be dated and signed by the employee.
- (b) The receipt of a written notice from the employee will result in the immediate removal of the employee from the VSIP Program. No incentive or benefits (as described in this policy) will be provided to the employee

**Section 3.11** Prior to filing a VSIP application, employees are strongly advised to consult with an attorney of their choosing to carefully review VSIP documents and the legal conditions associated with VSIP acceptance. Similarly, employees are advised to attain advice from a financial and tax advisor to fully understand the financial benefits and any implications of accepting benefits of the VSIP.

**Section 3.12** The KCHA reserves the right to collect from the affected employee or beneficiary any payments or benefits awarded in error by mistake of fact or contrary to the terms of the VSIP.

**Section 3.13** Employees who elect and who are approved as VSIP participants shall continue to meet job performance standards and all other expectations normally associated with continuing employment through their VSIP separation date. An employee who separates from employment prior to the scheduled separation date for any reason other than in accordance with terms of the VSIP shall not be eligible for the incentive payment and benefits as described in this VSIP document.

**Section 3.14** The VSIP shall not offer real or implied employment rights to any employee.

- (a) No employee shall retain rights of employment by virtue of the VSIP.
- (b) Disciplinary action may be taken, as appropriate, against a person who has applied for and been accepted as a VSIP participant just as employees who are not VSIP applicants/participants.
- (c) Any employee who is subject to disciplinary action after signing the VSIP agreement, but before the VSIP effective date (June 30, 2021), shall have the VSIP incentive payment and benefits suspended until the disciplinary action is resolved.
- (d) Any termination for gross misconduct will result in non-payment of the VSIP incentive and benefits.

**Section 3.15** Eligible employees who enter into a VSIP shall not have the right to assign, transfer, pledge or otherwise convey the right to receive the VSIP incentive and benefits which are payable under this policy. No such assignment shall be recognized by the KCHA.

**Section 3.16** Should an employee, who has entered into a VSIP, die before the effective date of the VSIP, the entire VSIP incentive and benefits will be made to the employee's designated beneficiary as indicated within the Waiver and General Release Agreement as executed by the VSIP participant.

**Section 3.17** VSIP participants retain all rights related to benefit program options at separation from employment, as noted in agency personnel policy.

**Section 3.18** Record Retention

- (a) The KCHA is authorized to and shall maintain VSIP documentation in the employee file.
- (b) The KCHA's record retention policy will determine the length of time former employee files shall be maintained.

**Article IV. Severability.**

**Section 4.01** If any provision of the KCHA VSIP is found, held or deemed by a court of competent jurisdiction to be void, unlawful or unenforceable under any applicable statute or controlling law, the remainder of the VSIP shall continue to be implemented and effective.