

Policy 2-9.1 Rev. 2
Date: June 30, 2004

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Subject: **REDUCTION IN FORCE AND SEVERANCE PAY**

I. PURPOSE

To define University policy with respect to the reduction in force of permanent staff employees, and to outline the procedures for payment of severance pay when applicable.

II. REFERENCE

[Policy and Procedure No. 2-9](#), Disciplinary Actions and Dismissal of Staff Employees

[Policy and Procedure No. 2-25](#), Staff Employee Grievances and Appeals

[Policy and Procedure No. 2-32](#), Discrimination Complaints

[Policy and Procedure No. 2-41](#), Vacation Policy

III. DEFINITIONS

- A. Reduction in Force - The elimination or reduction in FTE (full-time equivalency) of a permanent staff position due to lack of work, lack of funds, budget constraints, grant expiration, departmental reorganization, or other business reasons resulting in the necessary curtailment of personnel. A reduction in force does not include those situations in which an employee's termination is governed by an employment contract.
- B. Severance Pay - Payment made to permanent staff employees who are separated due to reduction in force without being given the required advance notice of separation. Severance pay does not constitute compensation except for the purpose of FICA and income tax withholdings, and where applicable, shall be paid in addition to accrued salary, wages, and unused vacation leave.
- C. Permanent Staff - Those staff employees whose employment status is expected to last nine months or longer and who are regularly scheduled to work 20 or more hours per week. Permanent staff employees may be full-time (1.0 FTE) or part-time (equal to or greater than .5 FTE but less than 1.0 FTE).
- D. Temporary Staff - Those staff employees whose employment is for a period expected to last less than nine months or whose employment is expected to last nine months or longer and who are regularly scheduled to work less than 20 hours per week (.5 FTE). Temporary employees may be full-time or part-time, receive no benefits, and are employed at will.
- E. Probationary Staff - Those staff employees hired for, or reinstated to, a permanent full-time or part-time position and serving a probationary period. Probationary staff employees are at will employees.
- F. Seniority - The status attained by length of service with the University.

- G. Employment At-will - Employment that is terminable by the university for any reason or for no reason at all.

IV. REDUCTION IN FORCE POLICY

- A. All reduction in force separations must receive prior approval from Human Resources to ensure compliance with University policies and procedures, and with federal and state laws and regulations.
- B. Permanent staff employees may be separated as a result of a reduction in force, subject to the following provisions:
 - 1. Prior to requesting approval from Human Resources, the department head shall identify the position or positions to be eliminated by job classification. S/he shall then identify employees working within the department (as defined in Section B.2) in the same or similar job classifications, and apply the following criteria to determine which employee(s) shall be separated.
 - a. Seniority at the university shall govern the selection when the relative job performance of the affected employees is regarded as substantially equal.
 - b. Employees who received a written performance evaluation within the preceding 12 months which documents performance substantially lower than other employees with the same or similar classification titles, or who have been given a written warning for unsatisfactory job performance, or who have been disciplined for cause within the preceding 12 months period, may be considered for separation before other employees. The preceding 12 month period means the 12 months preceding the date upon which the department requested approval from Human Resources to implement a reduction in force.
 - c. Employees who have not completed their probationary period shall be separated before employees who have satisfactorily completed probation.
 - d. Temporary staff employees shall be separated before permanent staff employees.
 - 2. The boundaries of consideration for a reduction in force action shall be identified as the department, unless the department head receives prior approval from Human Resources Vice President to expand or contract the boundaries for bonafide business reasons.
 - 3. A permanent staff employee with five or more years of service at the university whose position is eliminated due to a reduction in force shall be referred to Human Resources (Staff Employment) where s/he shall be referred for interviews for open positions at the same or a lower grade for which the employee is qualified. Such referral shall continue for up to six months from the date of separation. A department having an open position shall be expected to interview such an employee provided the employee meets the minimum qualifications for the position. A department accepting an employee who has been separated due to a reduction in force, or who is under notice of separation due to a reduction in force, to fill an open position shall not be required to consider other applicants.
 - 4. Employees who are separated due to a reduction in force and who thereafter are rehired within six months in the same position, shall be reinstated with their original date of hire and without loss of benefit entitlement and shall not be required to serve

a new probationary period. Unused vacation leave is paid out at the time of separation. Employees shall not accrue sick leave or vacation leave during the period between separation and rehire.

5. Permanent staff employees who are separated due to a reduction in force shall be given written notice of separation at least four (4) weeks prior to the effective date of separation, or severance pay in lieu of notice. Notice is given in writing by the department head, and either delivered personally to the employee, or mailed (certified) to his/her last known address.
6. Reestablishment of a permanent staff position which has been subject to a reduction in force action within the previous 12 months, shall require prior approval from the Human Resources Vice President or his/her designee, and the cognizant vice president.
7. When a position which has been subject to a reduction in force action is reestablished within 12 months of the initial reduction in force action, the employee affected by the reduction in force shall be given first consideration for rehiring into the position.

V. SEVERANCE PAY POLICY

- A. When it is necessary for the University to effect a reduction in force, permanent staff members are to receive four (4) weeks notice. If the required advance notice is not given, or is given for a shorter period of time, severance pay shall be given in lieu of notice and shall be included in the final paycheck for the employee.
- B. The amount given as severance pay shall be the amount represented by the pay rate in effect for the employee during the period of the required notice, multiplied by the number of working days for which the employee did not receive the required notice.
- C. An employee is not eligible for severance pay if the effective date of separation occurs within the probationary period of employment, if the employee is dismissed for cause or if the separation is voluntary.
- D. Severance pay shall be considered compensation for the purpose of FICA and income tax withholding, but shall not be considered for the purpose of University benefits and does not extend the employment period beyond the effective date of separation.
- E. Employees are not entitled to severance pay except as provided in this policy and procedure.

VI. PROCEDURE

- A. When a department head determines that a reduction in force is necessary, s/he shall send written request to the Head of Employee Relations. The written request must include the reason for the reduction in force, the effective date, the position(s) being eliminated due to the reduction in force, and the name of the employee(s) to be separated as a result of the reduction in force.
- B. An Employee Relations Specialist shall be assigned to assist the department head through the approval process.
- C. Once the reduction in force is approved by Human Resources, the department head shall receive written notification from Human Resources. The department head shall then provide written notice to the employee which include(s) the following:

1. Reason for the reduction in force.
 2. Effective date.
 3. Information regarding severance pay and employee assistance, if applicable.
 4. Employee rights to grievance and appeal of the separation as outlined in [Policy and Procedure 2-25](#), Staff Employment Grievance and Appeals Process, if the employee believes that appropriate University procedures pertaining to this policy have been violated, and [Policy and Procedure 2-32](#), Discrimination Complaints. Employees who have not successfully completed their probationary period are not entitled to rights of grievance and appeal under Policy 2-25, but they may file a grievance under [Policy and Procedure 2-32](#), if they believe that they have been discriminated against on the basis of race, color, religion, national origin, sex, age, sexual orientation, or status as a disabled individual or disable veteran.
 5. Direction to contact the Benefits Office regarding continuation of medical benefits under COBRA and other benefits information.
 6. A copy of this written notice shall be placed in the employee's personnel file, and a copy sent to the Benefits Office in the Human Resources Department.
- D. Separations for which severance pay is to be given must be communicated to the Payroll Office by a Personnel Action Notification (PAN) form. The department head shall indicate eligibility for severance pay and the amount to be paid in the comments section of the PAN form by specifying the amount of severance pay and supporting calculations. A copy of the written notice of separation, endorsed to show the date upon which notice was given to the employee, shall be attached to the PAN form. The effective date of separation shown on the PAN form must be the actual date of separation, i.e., the day following the last day of actual work.
- E. The Payroll Office is responsible for reviewing the PAN form for consistency with this policy and assuring that the amount of severance pay, if any, is correctly computed and charged to the appropriate accounts.

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