

Reduction in Force Guidelines

Identifying Employees for Layoff

A layoff decision for SPA employees requires a thorough evaluation of the need for specific positions and the relative qualifications of employees so the University can provide the highest level of service possible with a smaller work force. The Chancellor, in consultation with the Vice Chancellors, will have the responsibility for identifying the areas where the number of positions must be reduced or eliminated and determining the number of positions to be eliminated. The feasibility of eliminating entire programs or parts of programs will also be considered.

Approval

The division Vice Chancellor will determine the position(s) to be eliminated and the area(s) affected. The Director of Human Resources will assist in identifying vacant positions as well as positions that may be affected by job classification, type of appointment, length of service, and any other pertinent information available in the personnel records.

When a single position or a group of positions are to be eliminated, the Vice Chancellor must submit a written RIF plan to Human Resources. A Human Resources Representative will review the plan for compliance with state policies, and then forward the plan to Senior Staff for final review and approval. The plan will include:

- the reason(s) for the layoff,
- anticipated date of separation,
- name(s) of the employee(s) to be laid off and justification for the decision,
- a listing of all vacant positions in the department which are the same or closely related,
- status of recruitment activity for vacant positions which are the same or closely related,
- what efforts the department has made to avoid the layoff of the selected employee, and
- a brief explanation why action other than layoff is not possible

The Chancellor will approve the positions affected by reduction in force.

Notifying Employees

After receiving approval from the Chancellor, Human Resources will provide the following information, in writing, to the employee(s) being laid off at least 30 calendar days in advance of the separation date.

- The reason for the reduction in force
- The effective date of the reduction in force

- Instructions to contact Human Resources to obtain information on:
 - retirement system membership and benefit continuation options, including unemployment insurance eligibility
 - the policy on priority re-employment
 - completion of necessary application forms
 - the availability of aid in seeking other employment within the University and within State Government
 - information on vacation pay, sick leave, pro-rated longevity (if applicable), discontinued service retirement, and possible eligibility for severance pay
 - applicable appeal rights

Appeals

An employee separated through a reduction in force may appeal that separation if it is alleged the separation is in retaliation for the employee's opposition to alleged discrimination on account of the employee's age, sex, race, color, national origin, religion, creed, political affiliation, or handicapping condition. Such an appeal may be made either through the university's SPA grievance procedure or may be filed directly with the Office of Administrative Hearings, at the choice of the employee.

A veteran may also appeal if he/she is denied veteran's preference in connection with a RIF. Appeal rights are explained further in UNC Asheville's Grievance Procedure for Employees Subject to the State Personnel Act (SPA) available online at <http://www.unca.edu/policies/43.pdf>

Severance Pay

State Statute (N.C.G.S. 143-27.2) provides for severance salary continuation or a discontinued service retirement allowance when the Director of the Budget determines that a reduction in force will accomplish economies in the State budget, provided reemployment is not available. "Economies in the State Budget" means economies resulting from elimination of a job and its responsibilities or from a lack of funds to support the job.

Approval of this payment is made jointly by the Offices of State Personnel and State Budget. If approved, payment is monthly and based on total state service supplemented by an age factor.

An employee who has been reduced in force and who does not obtain another permanent job in State government by the effective date of the reduction in force shall be eligible for severance salary continuation when separated as follows:

Type of Appointment Full-time or Part-time (1/2 or more)	Is Employee Eligible?	
	Yes	No
Permanent,	x	
Trainee (6 mos. of service or more),	x*	
Trainee (less than 6 mos. service),		x
Probationary,		x
Time-limited permanent,		x
Temporary, and		x
Intermittent.		x

***Also eligible are employees who had a permanent appointment prior to entering a trainee appointment.**

An employee on leave with pay or leave without pay shall be separated on the effective date of the reduction in force, the same as other employees, and shall be eligible to receive severance salary continuation on that date. This includes employees who are on leave without pay and are receiving workers' compensation or short-term disability payments.

- Service Factor

Severance salary is based on total state service, salary, and the employee's age at separation. The salary used to determine severance wages is the last annual salary unless the employee was promoted within the previous 12 months. If the employee was promoted within the last 12 months, the salary used to calculate severance pay is the annual salary prior to the promotion plus any across-the-board legislative salary increases.

Years of Service	Payment
Less than 1 year	2 weeks base salary
1 but less than 5 years	1 month base salary
5 but less than 10 years	2 months base salary
10 but less than 20 years	3 months base salary
20 or more years	4 months base salary

- Age Adjustment Factor

Employees may also receive an age adjustment of 2.5 percent of annual base salary for each full year over 39 years of age. The total age adjustment factor is limited by the service payment and cannot exceed the total service payment.

- Method of Payment

The total amount of severance pay, including any age adjustment, is paid on a pay period basis (see years of service table). Severance payments are not subject to employee retirement contributions and are not included in computing average final compensation for retirement purposes. Any period covered by severance salary continuation will not be credited as a period of State service.

The amount paid to part-time employees will be calculated using total State service times the pro-rated monthly pay.

Any period covered by severance salary continuation shall not be credited as a period of State service. An employee receiving severance salary continuation is not entitled to receive unemployment compensation.

Acceptance of a job offer at any level in the state system terminates severance pay. However, an employee who is reemployed in a temporary position with the State, while receiving severance salary continuation, may remain eligible to receive severance salary continuation. Employees receiving severance may not be employed under any contractual agreement with a state agency other than the constituent institutions of the University of North Carolina and the constituent institutions of the North Carolina Community College System, until 12 months have elapsed since separation.

An employee who is eligible for early or service retirement may elect to delay retirement and receive severance salary continuation for the period prescribed. However, an employee who is separated and receiving retirement benefits from early retirement, service retirement, long term disability or a discontinued service retirement as provided by G.S. 126-8.5 is not eligible for severance salary continuation.

Discontinued Service Retirement

When an employee is separated from the University due to a reduction in force, and it is determined that such reduction will accomplish economies in the State budget, the employee may be eligible for discontinued service retirement. *This is subject to the availability of departmental funds and approval by the Chancellor and the State Budget Director, on recommendation by the State Personnel Director.*

“Economies in the State Budget” means “economies resulting from elimination of a job and its responsibilities or from a lack of funds to support the job.” Severance wages shall not be paid to an employee who chooses discontinued service retirement.

In order to be eligible for discontinued service retirement, an employee must have:

- 20 or more years of creditable retirement service and be age 55 or older to receive an unreduced benefit, or
- 20 or more years of creditable retirement service and be age 50 or older to receive a reduced benefit (reduced by $\frac{1}{4}$ of 1 percent for each month retirement precedes 55th birthday).

For additional information, employees should contact a Human Resources Benefits Specialist.

Other Payouts/Leave Balances

- Vacation Payout – An employee may elect, subject to approval by management, to exhaust vacation leave after his/her last day of work or be paid in a lump sum for the balance not to exceed 240 hours (plus bonus leave). If an employee had over 240 hours of vacation leave at the time of the reduction in force, the excess leave shall be reinstated when reemployed within one year.
- Sick Leave – Employees separated due to reduction in force shall be informed that their sick leave shall be reinstated if employed in an agency within five years.

Priority Re-Employment Consideration

Employees with career status¹ who have received official written notification of imminent separation due to reduction in force are eligible to receive priority re-employment consideration for a period of twelve months from the date they receive written notification of the reduction in force decision. Human Resources will contact the Office of State Personnel (OSP) to request priority consideration for a RIF'd employee in finding another State job. If the employee does not want assistance, the campus shall get a written statement from the employee and send a copy to OSP.

Those employees may receive assistance through OSP for placement in other state agencies and universities. Employees who have priority status at the time of application for a vacant position, who

- apply during the designated agency recruitment period, and
- are determined minimally qualified for the vacant position,

will be considered as priority applicants until the selection process is complete.

Employees notified of separation from permanent full-time positions have priority to permanent full-time and permanent part-time positions. Employees notified of separation from permanent part-time positions shall have priority to permanent part-time positions only.

An employee officially notified of reduction in force shall receive priority consideration over all applicants who are not State employees but shall receive equal consideration with applicants who are current State employees not affected by a reduction in force. This does not include priority to any exempt policy-making or exempt managerial positions.

A RIF State employee with more than 10 years of service shall receive priority consideration over a RIF state employee with less than 10 years of service in the same or related position classification.

The State Personnel Manual, Section 2, provides more detailed information concerning Priority Consideration for Reduction in Force Employees.

¹ Note: An employee who is separated from a time-limited appointment is not eligible for priority unless the appointment extends beyond three years.

Benefits

An employee separated due to a layoff is eligible for the following benefits:

- **Continued Health Insurance** – Health Insurance coverage under the State Health Plan (SHP) is continued for up to one year following the date of separation, provided the employee has 12 or more months of consecutive state service and existing plan coverage (i.e. must be covered by SHP at the time of separation from service in order to be eligible). The employee continues to pay any additional premiums paid by them (e.g. dependent coverage) at the time of the layoff. The benefit continues for one year or until the former employee accepts another permanent State government position, whichever is sooner.

If the separated employee is not reemployed in a permanent State position after one year, he or she may continue coverage on a fully contributory basis. Covered dependents of employees may also be continued on a fully contributory basis.

If an employee does not have 12 months of consecutive service, health coverage may be continued for employee and eligible dependents under the state health plan’s COBRA provisions. Information regarding rights under COBRA will be mailed to the RIF employee’s home address directly from SHP once the employer-provided health coverage ends.

Continuation Options for Other Benefits

Benefit	Option	Action/Information
Retirement/Supplemental Retirement	Contributions are no longer allowed	More info provided under Retirement Options (See Below)
NCFlex Programs (Spending Accts, Dental, Vision, AD&D, Cancer, Critical Illness, NCFlex Life)	May continue under COBRA for a specific period of time. The vendors will send the COBRA packets when your coverage terminates as an active employee terminates. You must pay the required cost of coverage.	Flexible Spending Accts: 1-877-371-2926 Dental: 1-800-291-8039 Vision: 1-800-507-3800 AD&D: 1-800-257-0930 Cancer: 1-800-521-3535 Critical Ill: 1-800-438-6388 NCFlex Life: 1-877-464-5111
State Disability Programs (Short-term and Long-term)	Coverage stops on separation date.	No action required
Voluntary Disability Programs	Coverage stops on separation date.	No action required
Death Benefit (Provided under the Teachers' and State Retirement System)	This benefit is still payable if you die within 180 days of the last day for which you were paid a salary. (If you were a contributing member for at least one year and you have not withdrawn funds)	No action required
Prudential Long Term Care	Can continue by direct pay to vendor. You must contact vendor to continue	1-800-732-0416

Questions

If you have questions about this policy, contact the Human Resources Department (251-6605) for more information.

Source Documents:

[State Personnel Manual - Reduction in Force](#)

[State Personnel Manual – Severance Salary Calculation](#)

[State Personnel Manual – Priority Referral System](#)

[State Personnel Manual – Priority Consideration for RIF Employees](#)

[State Personnel Manual – Suggested Guidelines for RIF](#)

[UNC Asheville - Reduction in Force Policy](#)

Approved on: 4/27/2009