

REDUCTION-IN-FORCE PLANNING

UNC SYSTEM OFFICE HR

Rev. Jan 2024

Agenda

- **Introductions**
- **Initial Planning and Assessment**
- **Establishment of RIF Plan for SHRA Employees**
- **General Timeline**
- **Things to Consider**
- **Short-Term Separation Costs**
- **EHRA Employee Payouts**
- **SHRA Employee Payouts**
- **SHRA Severance Salary Continuation**
- **Questions**

Initial Planning and Assessment

- **Continuing Operations v Discontinued Activities**
 - What is the work that will be continued?
- **Staffing Levels v Staffing Types**
 - What are the positions you need going forward to do that work?
- **Leveraging Existing Talent v. Identifying Needed Talent**
 - Do you have the staff currently to perform that work (internally or across institution)
- **Assessing Continued Recruitment v Eliminating Vacant Positions**
 - Which vacancies are essential, and which are redundant to current staff?
- **Short-term financial outlay v. recurring cost savings**
 - How much funding is needed for the transitional costs this fiscal year v next year?

Establish RIF Plan for SHRA Employees

- **RIF Plan Scope**
 - Institution-wide
 - School/Division-wide
 - Department-level
- **SHRA RIF candidate selection criteria**
 - Appointment Type
 - Retain permanent over temporary/probation; identify affected classifications
 - Relative Efficiency
 - Documented performance/skills to do the continuing work of the organization
 - Total State Service
 - Includes up to five years of military service
 - Adverse Impact

General Timeline

- **Initial Senior Leadership Assessment**
- **Initial Notification to Campus Constituencies**
 - Faculty, Staff, and Students
- **Finalizing RIF Plans**
 - Staging/Staggering of employee separation dates
 - Approval of RIF Plans by UNC System Office
 - State-funded severance must be approved by OSBM
- **Notification of Affected Employees**
 - Minimum 30-day advance notice for SHRA
 - Outplacement vendor engages affected employees
- **Staged Separation Dates**
- **Post-Separation Payouts**
 - Up to 4 months past separation date
 - Employer contribution to health plan extends for 12 months from separation

Things to Consider

- **Reorganization**
 - When is reorganization more useful than simple elimination of positions/vacancies?
- **Reclassification (and related salary increases)**
 - Continuing work may require reclassification of vacancies or current staff
 - May or may not result in classification/level change
 - Salary adjustments for additional duties if not warranting reclassification
 - Do not RIF a position only to reclassify another person into the position you eliminated
- **Potential Increase in Resignations**
 - Due to additional work requirements
 - Provide retention bonuses/reclassifications/salary increases (perm or temp) for critical staff
 - Due to fear of “the next shoe dropping”
 - Clarify full timeline/plan in initial conversations with constituents and continue to communicate.

SHORT-TERM SEPARATION COSTS

EHRA Payouts

- **Leave payouts in final paycheck**
 - Certain accrued bonus leave, up to 240 hrs (6 wks)
 - Accrued annual leave, up to 240 hrs (6 wks)
 - Accrued annual/bonus leave payouts could add equivalent of 3 months of pay to final paycheck for long-term employees
- **EHRA Discontinuation**
 - EHRA employees may receive a discontinuation working notice of 30-60-90 days based on years of service, or receive a lumpsum payment in lieu of notice
- **Continuing Payment of Health Insurance Premium**
 - Paid for 12 months following separation date
 - Employer contribution to employee health care premium continuation
 - Canceled if employee returns to benefits-eligible state employment or retires

SHRA Payouts

- **Paid in final paycheck**
 - Pro-rated longevity final payment
 - Certain accrued bonus leave, up to 240 hrs (6 wks)
 - Accrued vacation leave, up to 240 hrs (6 wks)
- **Paid in severance package (ranges from 1 to 4 payroll months)**
 - Service Severance Payment AND Severance Age Adjustment Payment
 - Canceled if employee returns to temporary or permanent state employment, retires, or declines an offer of state employment
- ***For long-term employees, final check payouts and severance payments could result in up to 11-12 months of base pay that is paid over 4 months***
- **Continuing Payment of Health Insurance Premium**
 - Paid for 12 months following separation date
 - Employer contribution to employee health care premium continuation
 - Canceled if employee returns to benefits-eligible state employment or retires

SHRA Severance Salary Continuation

- **Service Severance Payment**
 - One to four months of continued pay based on years of state service
- **Age Adjustment Payment**
 - Employees age 40+ receive an additional payment equal to 2.5% of base salary for each full year of age above 39
 - Capped at the total amount the employees received in the service severance calculation.
- **Example: Employee 49.5 yrs old, \$48,000 base salary, 20 years state service**
 - Service Severance: (4 months pay) \$4,000/month * 4 months = \$16,000
 - Age Adjustment: (49-39) = 10 years * 0.025 * \$48,000 = \$12,000
 - Total Severance: \$28,000 paid over 4 months
- **Severance payment period does not count toward total state service and is not subject to retirement contributions**
 - Saving on retirement payment offsets a portion of the expense

