



Reduction in Force Policy

Policy Number: PP 9-1

Effective Date: July 1, 2017

Approved By: Roger L. Stancil, Town Manager

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POLICY

A benefited full- or part-time Town of Chapel Hill employee, may be separated from employment due to a reduction in force. A reduction in force may occur due to:

- (1) A lack of funds;
- (2) A lack of work; [or]
- (3) A reorganization that results in new positions for which the employee is not qualified.

In the event of a reduction in force, employees with 10 or more years of consecutive service shall be eligible for severance pay, medical insurance and rehire consistent with the [Town of Chapel Hill Code of Ordinances, Section 14-94](#). The policy does not cover employees with time-limited appointments, temporary/program support employees, employees in probationary status, and Department Heads.

PURPOSE

The Town aids eligible employees separated due to a reduction in force to help these employees during a difficult period of transition. The Director of Human Resource Development is authorized to issue procedures consistent with this policy.

R.E.S.P.E.C.T. VALUES



Ethics: We conduct ourselves in a way that is consistent with and deserving of the level of trust that has been placed in us by the community members of Chapel Hill.

APPROVAL

Roger L. Stancil, Town Manager



Reduction in Force Procedures

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Effective Date: July 1, 2017

Approved By: Cliff Turner, Human Resources Development Director

PROCEDURES

A. Ordinance Provisions:

[The Town of Chapel Hill Code of Ordinances, Section 14-94](#), outlines specific provisions for employees separated from employment due to a reduction in force. In accordance with Section 14-94 of the Town Code, employees with time-limited appointments, employees in probationary status, temporary employees, and Department Heads are not covered by the provisions of the ordinance or this policy.

1. Notice:

a) Written Notice: An employee shall be given written notice as soon as practical after the Town Council has approved the Reduction in Force (RIF).

b) Minimum Notice: An employee shall receive at least 14 days written notice before any separation shall be effective.

2. Severance pay: Regular full- and part-time employees who have at least 10 years of consecutive service in the Town are eligible for severance pay as follows:

Number of Years of Service	Amount of Severance
At least 10 years of Service	4 weeks at usual rate of pay
At least 20 years of Service	8 weeks at usual rate of pay rate

3. Deductions: Severance pay will be made in a lump sum, and will include all required deductions for taxes, and Social Security. No deduction will be made for retirement contributions.

4. Medical insurance:

a) Employee: The Town will continue to pay the full share of individual medical insurance coverage for the employee for twelve (12) months. Employees will be allowed to continue coverage on the Town's plan according to current applicable laws and/or contractual guidelines governing such coverage.

b) Dependent Coverage: Employees may elect, at their own cost, to continue coverage for family members during this period as provided under federal Law. The Town does not offer funds for dependent coverage under this policy. [\(COBRA\)](#).

c) **Coverage after Twelve Months:** After twelve (12) months, former employees may continue to participate in the town's medical insurance plan as provided under federal law. [\(COBRA\)](#).

d) **Compliance with federal, state, and local law:** Laws governing medical insurance coverage are subject to change. The Town will offer funds for coverage and/or insurance coverage in a manner consistent with current applicable laws. Employees must meet with representatives from Human Resource Development to review their circumstances.

5. Rehire:

- a) **Reinstatement within one year:** An eligible employee whose employment was terminated due to a reduction in force may be reinstated to the former position provided
 - i. The position becomes available
 - ii. Such reinstatement occurs within one (1) year of the date of separation and
 - iii. The employee has a record of satisfactory service
- b) **Reinstated to Previous Salary:** Employees reinstated within one year of a reduction in force are reinstated at their previous rate of pay.
- c) **Reinstatement of Sick Leave:** Any remaining accrued sick leave shall be restored to an employee who is reinstated within one year.

6. Compliance with New Hire Requirements: Any reinstated employee shall be subject to all current pre-employment requirements.

B. Proceeding with a Reduction in Force:

1. **Factors in Determining Employee Retention:** In the event that a reduction in force becomes necessary, several factors will be used in determining which employees will be retained. Among the factors are:

- a) **Operational needs of the Town:** The Town will give first consideration for retaining employees to those in affected positions who the Town determines has required knowledge, skills, or abilities needed by the Town and who have records of satisfactory service.
- b) **Employee work performance:** The quality of the employee's past work performance will be considered. Employees with below expected level performance ratings will be considered first, despite longer seniority.
- c) **Seniority Consideration:** The Town does not have a seniority system, but length of service will be given consideration after the operational needs of the Town and quality of past work performance have been evaluated. Only when all other factors are equal, as determined by the Town, seniority will be a factor in deciding which employees will be subject to the reduction in force. Departments may maintain separate lists for part- and full-time employees.

PROCEDURES
CONT.

2. Order of Recall: If more than one position is to be affected by the RIF, a list will be prepared ranking the affected employees based on the above criteria. The list will be used to establish the order of reinstatement or recall.
3. RIF is Specific to Department: A RIF will be limited to employees in the department where positions are abolished or temporarily vacated. For example, if positions in Parks and Recreation are eliminated, only employees in Parks and Recreation will be affected.

C. Recall to Work:

1. Rehire preference for 12 months: For one year following a RIF, RIF'ed employees will be given the first opportunity to be rehired in the same or a similar position.
 - a) Rehire into Position at Lower Salary Grade If an employee accepts a rehire offer within the 12-month period after a RIF into a position at a lower salary grade, or fewer hours than the one they previously held, then the employee still maintains rehire preference for the remainder of the 12-month period. The employee will still be given first opportunity for positions closer to or identical with the position from which they were initially RIF'ed until the 12-month period has ended.
 - b) Impact of Refusal of Job Equivalent Rehire: If an employee, during the 12-month preferred status period following a RIF, refuses a rehire offer for a position at the same salary grade, general program area, and benefit status as the last job they held with the Town, then the Town will have no further obligation to offer rehire preference or to pay for health insurance for the employee. The Town must report the refusal to work to the Employment Security Commission, which may impact unemployment benefits. The employee may continue insurance coverage through the provisions of COBRA.

FORMS/INSTRUCTIONS

Affected employees will receive personalized assistance as necessary.

PROCEDURES
APPROVED BY

Cliff Turner, Human Resources Development Director



ADDITIONAL
CONTACTS

Human Resource Development 919-968-2700 or HR@townofchapelhill.org
Ombuds office 919-265-0806 or Ombuds@townofchapelhill.org

DEFINITIONS

- A. Reduction in force (RIF): A reduction in the number of authorized positions, normally due to lack of work or funds. Reductions in force may be a result of budget or program cuts, program shifts, reorganization, consolidation, or elimination of grant or special funding. In a reduction in force, an employee's employment with the Town is terminated. Also known as "RIF."

DEFINITIONS CONT.

B. Regular Employee: an employee who is eligible for the full range of Town Benefits and whose position is included in the Town's Official Pay Plan.

C. "Same or similar position": A position in the same classification as the position, which was eliminated, or of the same or lower salary grade as the eliminated position and for which the former employee qualifies through previous training and experience.

D. Seniority: Continuous employment with the Town in full or part time positions since the last date of hire. Continuous employment is not broken by RIF (up to 1 year) or authorized leave without pay.

RESPONSIBILITIES

All Supervisors/Managers and Department Heads are expected to:

- a) Follow the Reduction in Force policy if it becomes necessary to implement it.

All Human Resource Development staff members are expected to:

- a) Help employees and departments plan for a reduction in force if necessary
- b) Assure that employees have accurate information about the policy

APPENDICES

None

FREQUENTLY ASKED QUESTIONS

A reduction in force is an unusual event for the Town. Should one occur, the Town will provide personalized assistance to affected employees.

SCOPE

This policy covers all regular full and part time employees, except Department Heads, and Assistant, Deputy, or Town Managers.

POLICY HISTORY

Issued April 1984

Revised June 1997 to comply with Ordinance revisions.

Revised and reissued July 1, 2017, to comply with ordinance revisions enacted in 2014 and 2015.

This policy replaces and supersedes any previous Town policies, departmental policies, handbooks, or unwritten policies or practices covering the same subject. Departmental policies in compliance with this policy are referenced in Section XI, Related Information. In the event of any disparity between this policy and the Town's Code of Ordinances and/or applicable local, state, or federal laws, the Town's Ordinance and/or applicable laws shall prevail.

RELATED INFORMATION

[Town of Chapel Hill Code of Ordinances Section 14-94](#)
[State of NC, Division of Employment Security](#)