

Reduction In Force

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1.0 POLICY

When economic circumstances, program elimination or alteration, or privatization of existing programs make it necessary for the Town of Carolina Beach to reduce the size of its work force, the Town is committed to accomplishing this without layoffs if at all possible and, if not possible, to aid the transition of employees into other employment outside the organization.

2.0 PURPOSE

From time to time economic circumstances or changing Town priorities require that a program or operation be eliminated or altered. This change may impact the staffing requirements. This policy is intended to minimize or mitigate the impact of these changes on the employees involved. While it may not always be possible, the Town will endeavor to minimize layoffs. If layoffs become necessary, the Town will assist in the transition of employees to other jobs or provide transitional financial assistance as outlined in this policy.

3.0 SCOPE

This policy applies to all full time and part-time benefit-eligible employees in all departments. It does not include roster, seasonal or other temporary or other non-benefit eligible full part-time employees.

4.0 DEFINITIONS

- 4.1 Full Time - Budgeted position where an employee works on a continuous, year round basis, in a set role with a regularly recurring work schedule, normally averaging 30 hours per week. Some employees may work other schedules. See **Policy on Position Types**.
- 4.2 Part-Time - Budgeted position where an employee works on a continuous, year round basis, in a set role, with a regularly recurring work schedule of between 20 and 30 hours per week. See **Policy on Position Types**.
- 4.3 Reduction in Force - A short or long term reduction in the number of people employed by the Town and/or the elimination of previously budgeted positions.
- 4.4 Economic Circumstances - A downturn in the economy such that certain programs the Town operates can no longer be financially supported.
- 4.5 Program Elimination or Alteration - A program the Town currently operates is no longer needed or is not needed as much as in the past because of decreasing demand from the citizens or because of changing Town priorities.
- 4.6 Privatization of Existing Programs - An existing program previously operated by the Town that will continue to operate but the Town will no longer operate the program and will no longer employ the people who work in the program.
- 4.7 Severance Payment - A sum of money usually based on length of employment that an employee may be eligible for at termination if certain criteria are met.

5.0 ORGANIZATIONAL RULES

- 5.1 General Provisions
 - A. For the provisions of this policy to be invoked, the Town Manager must specify that there is a need to reduce the Town workforce based on general economic conditions, specific program or activity funding, privatization, or elimination of selected services.
 - B. Affected departments will select specific positions that will be eliminated or held vacant and/or which staff members are to be potentially laid off.
 - C. Notification to employees of a Reduction in Force will be made.
- 5.2 Determination of Reductions - The determination of positions to be eliminated or employees subject to layoff is to be based on (listed in priority order from highest to lowest):
 - A. The elimination of current or known future vacancies if the positions can be eliminated or held vacant long enough to achieve the required goals without unduly harming the delivery of non-targeted services.
 - B. The quality of employee's past performance. This includes evaluating not only an incumbent's performance in his existing job but also considers the talent, performance and versatility of others within the work unit who could provide a greater benefit to the organization. The individuals selected for layoff may or may not be the current incumbent of the position to be eliminated.
 - C. The need for the employee's services.
 - D. Seniority.
- 5.3 Layoff Avoidance. In keeping with a commitment to try to avoid layoffs, the Town will take several steps (with the employee's concurrence and cooperation) to assist employees who are targeted to lose their current employment to locate other employment within the organization. These efforts are described below.
 - A. Preferred Placement - Except as noted below in Section 5.7 B, the Town will not follow a policy of senior employees being allowed to bump junior employees from their positions. However, where possible, employees whose performance is in good standing and who occupy positions that have been targeted for elimination will be given preference in consideration for Town vacancies that are to be filled. This will take the form of having an opportunity to interview for such vacancies, if basic qualifications are met, without competition from other potential applicants (except other employees so identified). The hiring official is under no obligation to select the employee, but may do so without advertising the position externally, if the employee is an acceptable choice.
 - B. Clearinghouse - The Town's ability to achieve successful placement of employees whose positions are subject to elimination is enhanced by having the greatest number of potential vacancies possible. To this end, the Town may, when facing a large potential layoff, create a voluntary pool of current employees who wish to be considered for lateral (or promotional) transfer to other positions. Participants in this pool will be given the opportunity to be considered for vacancies for which they qualify prior to the normal public advertisement of positions (but after those who have been targeted for reduction). The flexibility for internal placement that this approach provides allows the Town to better match the backgrounds and skills of displaced employees with potential vacancies within the organization.
 - C. Transfers - To create vacancies in identified positions, employees (including those not occupying such positions) may be required to accept lateral transfers to other positions for which they are qualified. Such movement will be the prerogative of departmental or Town-wide management. This movement enhances the Town's ability to match the backgrounds of displaced employees into existing positions.

D. Reduced Working Hours - If the reason for the potential reduction in force is strictly an economic one, during such designated periods of budget reduction, employees in full time and part-time budgeted positions may voluntarily elect to reduce their work schedule to less than 40 hours (but not less than 20 hours) if the employee's department concurs. During this period of reduced work hours, the employee's salary will continue on a pro-rata basis. Benefits tied directly to salary will be paid at the same percentage rate but on a lower amount of salary. Leave/holiday earnings (and usage rates) will be reduced to one-half. Health and Dental benefits will be provided on the same basis as to other benefit eligible part-time budgeted employees. The reduced schedule must be agreed to for a minimum period of six months unless otherwise specified by the Town Manager. There would be no loss of service credit during a period of reduced hours.

- 5.4 Transition Assistance - There are a number of possible efforts the Town can and will make to ease the transition for employees who are subject to layoff and who cannot be successfully placed in any of the ways noted in Section 5.3 above. These are outlined below.

A. Negotiated Employment - In any privatization effort, the Town will attempt to negotiate, to the extent possible, for the continued employment of all who are involved in a Town function with the new private contractor.

B. Retirement with a Return to Roster Employment - An employee in a position targeted for elimination that is otherwise eligible for full or reduced retirement may do so under normal circumstances and return to work in a roster position arranged in advance between the employee and the department if there is an organizational need for the services of the employee. Continuing income in such an arrangement will be subject to limitations established by the NC Local Governmental Employees Retirement System (NCLGERS). It will be the retiree's responsibility to determine with the Retirement System what the income limitations are and to stay within the restrictions. Employees who retire and return to roster positions are not eligible for severance payments.

C. Transfer to a Position of a Lower Grade - If, as a direct result of budget reduction efforts, an employee is required by the Town to accept a position at a lower pay grade, the employee's actual salary will remain at its current level regardless of where the salary falls within (or outside) the new salary range. Future merit eligibility will be in accordance with normal pay rules. The employee's salary must fall within the assigned salary range to be eligible for further merit increases.

D. Outplacement - If all of the above steps are unsuccessful, the Town will provide standard outplacement services either internally or through a contracted party. This service may include:

1. Career counseling
2. Resume/application preparation
3. Allowances for reasonable time off (if still employed) for interviews/employment follow-up
4. Reasonable office support and telephone access, and
5. Access to listings or referrals about other employment opportunities.

- 5.5 Severance Pay - Under certain circumstances, employees who are laid off will be eligible to receive a one time, lump sum seniority based severance payment according to the schedule listed below in 5.5B.

A. Employees will be eligible only if all of the following conditions are met:

1. Employee is unemployed.
2. Employee has not declined a reasonable job offer from the Town, an outside contractor (in a privatization effort) or any other employer. An employee who has accepted a job offer (regardless of the starting date) with

any employer prior to the layoff will not be eligible for any severance payment; this includes the contractor in the event of a negotiated privatization.

3. Employee does not choose to retire. An employee who is eligible to retire may choose either the severance pay (in which case he will not be considered a "Town retiree"), or he may choose to retire as a Town employee and be afforded the applicable Town retiree benefits.

B. Schedule of Severance Payments:

Length of Town Service	Severance Amount (of Base Salary)
< 1 year	2 weeks
1.00 - 4.99 years	4 weeks
5.00 - 9.99 years	8 weeks
10.00 - 14.99 years	12 weeks
15.00 - 19.99 years	16 weeks
20.0 years or more	20 weeks

- 5.6 Rehire Provisions - Under certain circumstances, employees who are laid off will be given preferential employment consideration as outlined below.
 - A. Employees who actually lose employment due to layoff may participate in any preferential employment programs as covered above and are allowed to compete for "Promotional Only" job opportunities for a period of one year following termination.
 - B. An employee who is rehired by the Town within one year of a layoff will receive full credit for his previous service time for purposes of calculating any internal Town benefits that are based on length of service. The rehired employee will also receive such service credit in the North Carolina Local Governmental Employees Retirement System provided he did not withdraw his contributions when terminated from Town employment. If these funds were withdrawn, pension system service will start over at the time of rehire.
- 5.7 Layoff Provisions
 - A. Employees who are laid off because of a Reduction in Force shall be given at least 14 calendar days' notice of anticipated layoff date. If this is not possible, such employees will receive up to two work weeks compensation, in lieu of notice, in addition to any other benefits/considerations noted earlier.
 - B. Any full time or part-time employee subject to layoff will be given the opportunity to transfer to a roster/seasonal position of the same class in the department even if the roster/seasonal position is occupied. In such instance, the roster/seasonal employee would be separated from Town service and the full time/part-time employee would accept the roster/seasonal position under the established conditions of employment of the roster/seasonal position. Employees who move to roster positions are not eligible for severance payments.

6.0 PROCEDURES

- 6.1 Managers faced with any potential reduction in force must immediately notify the Town Manager's Office as well as both the Human Resources and the Town Attorney. The more advance notice the department can provide, the better the opportunity to minimize any negative impact on employees.

- 6.2 The Town Manager will determine if the potential reduction in force meets the requirements to invoke this policy and if so, will so specify and will notify the affected departments, the Human Resources Department and the Town Attorney.
- 6.3 If the provisions of this policy are invoked by the Town Manager, the Human Resources Department will immediately begin to work with any affected departments and employees to minimize the impact of a potential layoff as provided for in this policy.

7.0 APPENDIX, APPENDICES

None