Department of Finance and Administration
Office of Personnel Management

Policy Title: **Reduction in force (RIF) and Severance Pay** Policy Number: **64**

Authority: **Ark. Code Ann. §§ 21-3-301 *et seq*. and 21-5-223**

Revised: **September 1, 2017**

This policy is to assist state agencies in determining when to implement a reduction in force (RIF) and how to implement it with the least possible impact on the agency and its employees. An agency director may need to implement a RIF, thereby terminating one or more employees without prejudice, for reasons including but not limited to the following:

1. To permit reinstatement of employees upon release from military service;
2. Significant organizational structure changes, including abolishment of positions or duties, curtailment of work, loss of functional responsibility by the agency; or
3. The loss/non-renewal of funding, grants or other special funds, or to promote agency efficiency.

A RIF is the least desirable method of solving staffing issues and agency directors are encouraged to examine alternatives prior to initiating a RIF. Prior to determining that a workforce reduction is necessary, the agency should consider other options such as not filling vacant positions, eliminating extra help or temporary positions, reducing work hours with proportionate pay cuts, assessing expected job attrition, job sharing, reviewing professional services contracts, and limiting travel.

This policy does not constitute any employment contract or agreement, either expressed or implied, between the state agency and its employees and does not abrogate the employment-at-will doctrine. This policy applies to all jobs except where specified by contract or federally mandated requirements. This policy is subject to change without prior notice, wholly or in part; however, employees will be notified of the changes.

DEVELOPING GOALS FOR THE RIF

The agency should develop goals for the workforce reduction, including what the agency wants to accomplish and when it wants to accomplish it. It may be helpful for the agency to develop a timeline or schedule of the actions that need to occur before, during, and after the RIF. In developing goals, the agency should consider the impact of a RIF, including what work will need to performed after the reduction and what positions will be used to perform it. The following should be considered:

1. The budget conditions creating the need for a RIF. An agency should identify the number of employees that need to be out-placed in order to meet the cost goals.
2. How critical positions, programs, or divisions are to the agency's mission. This includes determining the extent of customer service the positions, programs, or divisions provide. The agency director should consider positions providing direct services to the public and any regulatory and enforcement responsibilities as being critical to the agency operations, except if the agency director determines

that it can maintain current levels of agency operations with less personnel and/or locations.
3. The geographic location of the positions, programs, or divisions.

SEPARATION CRITERIA

Once it is determined the programs or divisions that will be eliminated, employees occupying emergency, provisional, non-disciplinary probationary, extra-help, part-time, intermittent, or temporary positions within that program or division are the first to be separated from state employment, with the exception of a condition where these employees occupy positions operating as full-time employees in a regular position, based on special language, or where such positions are being used to staff critical positions.

Separation
An agency should utilize the following criteria in determining the positions to be eliminated, giving considerable weight to 1-4:

1. Employee's previous 2 years of performance evaluations
2. Employee's demonstrated skills to perform the job
3. Employee's previous 2 years of disciplinary history
4. Employee's veteran status
5. Employee's current work assignments
6. Employee's years of service

Evaluating Objective Criteria
Employees shall be rated on the basis of the above retention criteria without regard to the employees' race, color, religion, gender, age, national origin, disability, or political affiliation. The results of the employee rating process should be analyzed for potential adverse impact based on age, sex, and race. Employees on authorized leave of absence will be protected under this policy until such time they are eligible for return to work. If a tiebreaker is necessary, agencies may use months and days of state service. If an additional tiebreaker is needed, the agency should use any non-discriminatory method deemed suitable as approved by OPM.

Employee Notice
Agency directors are to give employees in positions that will be eliminated advance written notification as soon as possible, preferably 30 calendar days. At the time of notice, the agency is to provide the affected employees with information regarding the employee's outstanding leave balances, continuation of benefits and available

outplacement assistance. Employees are allowed to collect their personal belongings prior to termination, with or without supervision.

Reporting
Each agency implementing a workforce reduction shall file a report with the Department of Finance and Administration, Office of Personnel Management (OPM). The report shall include the names of out-placed employees, job titles, salaries, programs, work units involved in the layoffs, and whether severance payments will be made. OPM will submit the report to the Personnel Committee of the Legislative Council at the next regularly scheduled meeting.

Positions Affected by a RIF
All positions that have been targeted as workforce reduction positions must be frozen and may not be used until approved by the Chief Fiscal Officer of the State. This does not apply when the RIF is due to reinstatement of employees upon release from military service.

Following implementation of a workforce reduction, the positions left vacant will be filled pursuant to the Special Re-Employment Consideration section of this policy.

Implementation of a workforce reduction shall not be considered a disciplinary action.

Severance Pay
An agency may, upon the approval of the Chief Fiscal Officer of the State, authorize a net lump-sum severance payment to full-time, part-time, and job sharing employees in a regular position according to the following schedule for completed years of services, including any formally implemented probationary period:

Years of Service	**Net Amount of Severance Pay**
Over one (1) year of service up to five (5) years of service	Eight hundred dollars ($800)
Over five (5) years of service up to fifteen (15) years of service	One thousand, two hundred dollars ($1,200)
Over fifteen (15) years of service	One thousand, six hundred dollars ($1,600)

The severance payment shall not be construed as exceeding the maximum salary and these payments shall be in addition to any lump-sum payment for annual or sick leave.

If severance payments are authorized, all employees affected by the RIF must receive a severance payment, unless the employee terminates, retires or transfers to another position within the same or another agency prior to the effective date of the RIF.

SPECIAL REEMPLOYMENT CONSIDERATION

RIF List

Employees affected by a workforce reduction will receive special reemployment consideration. A list of employees eligible for special reemployment consideration will be maintained and made available by OPM.

Length of Reemployment Consideration

Special reemployment consideration begins on the date the employee receives notification of a workforce reduction and is extended for a period of twelve (12) months from the date of separation. If an affected employee decides to retire or apply for retirement after receiving an official written notice of the workforce reduction, special reemployment consideration will not be extended.

An employee who has established veteran's preference and is affected by the workforce reduction shall be eligible for reemployment for a period of time no less than the continuous period of his or her service in an agency.

Job Advertising and Hiring

Prior to advertising any vacant position, agencies are to review the RIF list and determine if there are employees who may qualify for the vacant position. The agency may contact OPM or conduct interviews with those employees to determine if their experience and education meet the minimum qualification requirements of the vacancy. Agencies are allowed to forego the advertising requirements should the interview result in the selection of an employee who has been separated due to a workforce reduction.

If the vacancy is not filled by an out-placed employee and the agency wishes to receive other applications for consideration, the vacancy must be posted on the official Arkansas employment website at http://www.arstatejobs.com/ for 5 business days.

An employee who accepts employment in a lower graded position on the same pay table may continue to receive the same rate of pay the employee received in the higher graded position upon approval of OPM after review by the Legislative Council or Joint Budget

Committee. If an employee accepts a position that is on a different pay table, the move is considered a transfer and the employee's rate of pay will continue unless the employee's salary falls below the entry pay level of the new grade or if a special rate of pay has been established.

An employee who is separated for more than thirty (30) working days and accepts a new position is eligible for the employee's last rate of pay not to exceed the maximum.

An agency must notify OPM as soon as possible if they hire an employee from the RIF list. An employee who accepts a position and begins employment will be taken off the RIF list and is no longer eligible for reemployment consideration.