

SECTION: **POLICY STATEMENT - PERSONNEL**SUBJECT: **REDUCTION IN WORKFORCE/SEVERANCE PAY**

PURPOSE: This policy establishes a Reduction in Workforce/Severance Pay procedure for eligible employees of Cal Poly Corporation ("CPC") whose employment will be involuntarily terminated due to a permanent reduction in force, reorganization, position elimination, or the consolidation of certain operational functions. Severance payments under this policy are intended to facilitate the transition of affected employees in a fair and equitable manner from the CPC to other job opportunities. This policy supersedes and replaces any previous plan, program, policy or practice by which CPC may have provided severance benefits.

EFFECTIVE DATE: **December 7, 2001**

HISTORICAL: May 1, 1999

REDUCTION IN WORKFORCE/SEVERANCE PAY

I. BACKGROUND AND PURPOSE

This policy establishes the framework for any workforce reduction plan that may be required. A plan is the formal means by which a reduction in our benefited workforce and how the granting of severance pay will be carried out.

A policy is necessary to help assure the regular/temporary workforce that, if any reductions are necessary because of economic developments, changing business conditions, operational need, or changing technology, they will be undertaken in a fair and equitable manner.

II. ELIGIBILITY

Except as provided in Section III(D), eligible employees must meet three requirements in order to participate in this program:

1. The eligible employee must be a benefited employee classified as either regular or temporary (student and intermittent employees are not eligible) and
2. The eligible employee must be terminated from the CPC's employment because of
 - (a) A reduction in force;
 - (b) The elimination of a job or employment position;
 - (c) A reorganization of the CPC; or

- (d) The consolidation of certain administrative and/or operational functions; and
- 3. The eligible employee must execute, no earlier than the employee's termination date and prior to any severance payment, a Release of Claims ("Release" or "Settlement Agreement") acceptable to the CPC. If the eligible employee fails to execute the Release within this time period, the eligible employee shall fail to qualify for severance policy benefits.

III. POLICY

- A.** The CPC reserves the prerogative, consistent with this Policy Statement, to adjust its workforce to maintain efficiency, effectiveness and fiscal viability within each of its operational functions. Such adjustments may involve reductions and such reductions will be on a planned, equitable basis to the extent circumstances will allow.
- B.** The CPC extends fair and equal employment opportunities to all employees without regard to their race, color, ancestry, religion, national origin, sex, sexual preference, marital status, pregnancy, age, mental or physical disability, medical condition, or disabled veteran or Vietnam-era veteran's status as an Equal Opportunity/Affirmative Action employer. The CPC's affirmative action program will ensure that the principles of equal employment opportunity are applied to all conditions of employment and to all personnel actions, including workforce reductions.
- C.** Workforce reduction plans may include transfers and/or displacements of affected employees within assigned departments under written criteria established by management. In developing appropriate criteria for reductions, length of service will not be the sole basis for determining displacements, separations, or recall.
- D.** Employees on Sponsored Projects (including Centers and Institutes) or accounts funded from discretionary, special activities, designated or external sources (i.e. Conference Services) may not transfer to and/or displace other positions. The continued employment of such positions is subject to available funding from the sponsor or other external source or operational needs. Employees in this category whose positions are eliminated are not eligible for severance pay as described in IIIF.
- E.** Employees separated for any reason other than a reduction in force are not eligible for severance pay as described in IIIF.
- F.** Severance pay will be provided to qualified employees in accordance with the following schedule:

<u>Years of Regular Employment</u>	<u>Amount of Severance Pay</u>
Less than five (5) years	Two (2) weeks
Five (5) to twenty (20) years	One (1) week for each year of service up to ten (10) weeks
More than twenty (20) years	Sixteen (16) weeks plus*

*In addition to 16 weeks of severance pay, the CPC will pay COBRA costs for 3 months (medical, dental, vision) for employees with more than 20 years of service, or the cash equivalent if the employee is not eligible for COBRA or is receiving cash in lieu of insurance.

The Executive Director, in consultation with the Chair of the CPC Board, shall retain discretion in providing additional benefits to employees classified as Department Heads.

The CPC's Board of Directors reserves the authority at any time to modify, amend, or terminate (in whole or in part) any or all of the provisions of this policy.

However, no such amendment, modification, termination or discontinuance shall have the effect of reducing the amount of an eligible employee's severance policy benefit, or deferring the time at which severance benefits shall be paid to an eligible employee pursuant to the terms of this policy if they have executed a Release of Claims as required in II(3). Any policy amendment shall be adopted by action of the CPC's Board of Directors and executed by the Executive Director. Any policy amendment, discontinuance or termination shall be effective at such date as the CPC's Board of Directors shall determine.

IV. POLICY IMPLEMENTATION

- A.** The Executive Director will, consistent with this policy, establish written guidelines to be used in workforce reduction/severance situations. Such guidelines will provide for the review by and written authorization of the Executive Director of any employee separated from employment as a result of a workforce reduction.
- B.** This policy shall be administered by the Executive Director. The Executive Director will have full authority to administer this policy and all of its details. For this purpose, the Executive Director's authority will include, but will not be limited to, the authority to interpret the policy, his or her interpretation thereof in good faith shall be final and conclusive on any eligible employee or former employees; and the power to decide all questions concerning the policy and the eligibility of any person to participate in the severance policy.
- C.** The Executive Director will report to the Board of Directors on results of any workforce reduction plan.