

Michigan Civil Service Commission

Regulation 5.12

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| Subject: | | |
| Severance Pay | | |
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1. Purpose

This regulation establishes ~~the standards and procedures~~ for severance ~~payment~~ for eligible ~~non-exclusively represented~~ employees.

2. CSC Rule References

5-6 Additional Compensation: Miscellaneous

5-6.10 Severance Pay

(a) Eligibility.

(1) Employees. The following employees are eligible for severance pay if they meet the criteria in subsection (a)(2) and are not disqualified by the criteria in subsection (a)(3):

- (A) An “agency based” employee of the department of health and human services laid off because of deinstitutionalization of the department of health and human services resident population after October 1, 1996.
 - (B) A nonexclusively represented employee who is indefinitely laid off on or after October 1, 1995.
- (2) **Criteria.** An employee is eligible if the employee was (1) laid off for at least 6 months, (2) was laid off in satisfactory employment status, and (3) was not separated from a temporary or limited-term appointment.
- (3) **Disqualification.** An otherwise eligible employee is disqualified from receiving severance pay for any of the following reasons:
- (A) The employee dies before accepting payment.
 - (B) The employee is hired in any position in the classified service.
 - (C) The employee refuses recall to state employment located within a 75-mile radius of the agency from which the employee was laid off.
 - (D) The employee is recalled to an indefinite appointment in a position covered by a collective bargaining agreement, in which case the agreement controls.
 - (E) The employee is hired for any position outside of the classified service and the initial base hourly rate for the position is 75 percent or more of the employee’s final base hourly rate in the position from which the employee was laid off.
- (b) **Time limits.** The appointing authority shall notify an employee of the employee’s severance pay option 6 months and 12 months after the layoff.
- (1) The employee may accept in writing the lump sum severance payment at any time after the first notice until 14 calendar days after the second notice. The employee is deemed to have rejected severance pay if the employee does not timely accept the severance pay in writing.
 - (2) If the employee accepts severance pay, the appointing authority shall pay the employee within 60 calendar days and remove the employee’s name from all recall and layoff lists.
 - (3) Acceptance of severance pay constitutes a break in service and terminates any rights to continuous service credits for any purpose, including annual leave accrual and longevity.
- (c) **Severance pay rates.** The severance payment for an eligible employee who accepts severance pay is determined by the regulations and the following table:

| Years of Service | Weeks of Severance Pay | Years of Service | Weeks of Severance Pay |
|------------------|------------------------|------------------|------------------------|
| 1 | 1 | 13 | 24 |
| 2 | 2 | 14 | 27 |
| 3 | 3 | 15 | 30 |

| | | | |
|----|----|------------|----|
| 4 | 4 | 16 | 33 |
| 5 | 5 | 17 | 36 |
| 6 | 7 | 18 | 39 |
| 7 | 9 | 19 | 42 |
| 8 | 11 | 20 | 45 |
| 9 | 13 | 21 | 48 |
| 10 | 15 | 22 | 51 |
| 11 | 18 | 23 or more | 52 |
| 12 | 21 | | |

(d) If an employee receives a severance payment, the employee may be rehired in the classified service only under the conditions provided in the regulations.

* * *

3. Definitions

A. Definitions in This Regulation.

1. **Layoff** means a ~~termination~~ of active state employment solely as a direct result of a reduction in force.
2. **Severance payment** means a lump-~~sum~~ payment in accordance with the approved pay schedule granted to eligible employees in return for forfeiting all recall rights.
3. **Week's pay** means an employee's gross pay for 40 hours of work at straight-~~time~~ rates excluding premiums, ~~such as shift differential and "P" rate.~~
4. **Year of service** means one year of seniority (2,080 hours) as defined in the HRMN "~~continuous-service-hours~~" counter.

4. Standards

A. Eligibility.

1. Department of Health and Human Services "agency-based" employees who meet the eligibility criteria ~~of in~~ § 4.A.3 are eligible for severance pay if ~~they have been~~ laid off because of deinstitutionalization of the ~~Department of Health and Human Services~~ resident population ~~after October 1, 1996.~~
2. Nonexclusively represented employees who meet the eligibility criteria ~~of in~~ § 4.A.3 and ~~who~~ are indefinitely laid off ~~may be~~ are eligible for severance pay only if monies ~~exist~~ remain in a special severance fund approved by the ~~Civil Service C~~commission.
3. ~~Employees who meet the above eligibility criteria are~~ To be eligible for severance pay, if they an employee must (1) have ~~more than~~ one year of state service at time of when laid off; (2) have been laid off for ~~6~~ six or more months ~~or more~~; (3) are be in

satisfactory employment status; and (4) ~~are~~ be in a temporary or limited-term appointment.

4. ~~An o~~Otherwise eligible employee ~~is~~ are disqualified from receiving severance pay ~~under~~ if the employee meets any of the following conditions:
 - a. ~~The employee d~~Dies before accepting payment.
 - b. ~~The employee i~~Is hired for any classified position ~~within the classified service~~.
 - (1) ~~Disqualification occurs upon date of hire, unless the new position requires completion of a probationary period.~~
 - (2) ~~Disqualification occurs upon completion of probationary period, if one is required.~~

~~—Note: If the required probationary period is not completed and the employee is separated, such time of employment is bridged for purposes of the time limits for severance pay.~~
 - c. ~~The employee r~~Refuses recall to state employment ~~located~~ within a 75-mile radius of the agency work location from which laid off.
 - d. ~~The employee i~~Is permanently recalled to another classified position ~~job in state government~~ covered by a collective bargaining agreement, in which case the agreement ~~will~~ controls.
 - e. ~~If the employee is~~ hired for any non-classified position ~~outside of the state classified civil service and the~~ with an initial base hourly rate ~~for that new employment is~~ of 75% ~~percent~~ or more of the employee's final base hourly rate ~~of the position from which the employee was~~ when laid off.

B. Time Limitations.

The agency must notify eligible employees of the option of severance pay after ~~6 months of layoff~~, and ~~again after~~ 12 months of layoff.

1. ~~The~~ An employee ~~may accept~~ who does not accept in writing the a lump sum severance payment in writing at any time between from receipt ~~of~~ ving the first notice and until 14 ~~calendar~~ days after receiving ~~the~~ pt of second notice. ~~An employee who does not accept severance payment in writing within the prescribed time frame is deemed to have~~ permanently rejected the payment.
2. If payment is accepted under rule 5-6.10(b) or a collective bargaining agreement, the agency must, within 60 ~~calendar~~ days, ~~make payment to~~ the employee and remove the employee's name from all recall lists.

3. ~~Accepting~~ ~~and~~ ~~of~~ severance pay under rule 5-6.10(b) or a collective bargaining agreement constitutes a break in service and terminates rights to continuous-service credits for all purposes, ~~including annual leave accrual rate and longevity.~~

C. Amount of Severance Pay.

~~Eligible employees who accept severance payment are paid in accordance with the severance pay table in rule 5-6.10(c).~~

- ~~The appointing authority deducts from the severance payment a~~Any amount required ~~to be withheld~~ held by reason of under law or regulation for ~~payment of taxes to~~ federal, state, ~~county,~~ or ~~municipal~~ local government ~~taxes is deducted from the severance payment.~~
- Eligible employees who work less than ~~full time~~ (80 hours per pay period) receive a pro~~rated~~ portional severance payment. ~~The appointing authority calculates based on the average number of hours the employee worked for the calendar year preceding layoff. For~~ This number is used to determine the proportion of time in relation to full time employment. This proportion is then applied to the severance pay table for purposes of payment. ~~example, the gross amount paid to an employee who worked 1,980 hours during the previous calendar year would be 94.8% (1980/2088) of the severance pay listed in the table.~~

~~EXAMPLE OF SEVERANCE PAY FOR A LESS THAN FULL-TIME EMPLOYEE~~

| | |
|--|------------------------|
| Average number of hours worked in 1,980 hours | |
| previous calendar year: | |
| Full-time employee hours: | 2,088 hours |
| Proportion (or percentage): | 1,980 = 94.8% of 2,088 |

~~.948 x severance payment from table = gross amount to be paid~~

~~2. Rehire to state service after receiving severance payment.~~

- ~~An employee rehired after two years have elapsed since receipt of severance payment is treated as any other employee who has separated and returns to state employment.~~
- ~~An employee who returns within two years of acceptance of severance payment must:~~

ED. Effect on Retirement.

~~The a~~ Acceptance ~~ing~~ or rejection g ~~of~~ severance pay has ~~does not~~ e ~~affect on~~ vested statutory pension rights, which are received as provided by law ~~under the State Retirement Act. Severance payment will not be included in the computation of compensation for the purpose of calculating retirement benefits.~~

FE. Payment.

~~1. The appointing authority must notify eligible employees in writing of the option of severance pay at the completion of six months of layoff and again at the completion of 12 months of layoff.~~

~~2. Upon receipt of~~ ving a laid-off employee's written acceptance of ~~the~~ severance ~~pay option,~~ the agency ~~appointing authority must~~ shall do the following ~~do the following:~~

~~a1. Provide for payment to~~ Pay the employee by having ~~the necessary forms completed and~~ a ~~gross~~ pay adjustment processed.

~~b2. Immediately provide copies of the severance pay form to the Office of the State Employer and Civil Service for removal~~ al ~~of the~~ employee's name from all recall lists.

~~—Note: A laid-off worker whose name is currently included in a candidate pool for consideration at the time when the Office of the State Employer or Civil Service receives notice is given~~ fication of the severance payment remains eligible for appointment.

DE. Return to State Service.

~~1. Recall~~ b ~~Before~~ e ~~Exercising option of s~~ Severance ~~p~~ Pay Option.

~~a1. An employee temporarily recalled for less than 60~~ calendar ~~days has this time bridged for~~ purposes of counting the time in accordance with § 4.A.

~~b2. An employee permanently (more than 60 calendar days) recalled~~ for over 60 days to a position qualifying for severance pay, and subsequently laid off, is eligible for severance pay, if the employee meets all ~~of~~ the requirements of this procedure. The time limits are applied from the date of the most recent layoff.

G. Return to State Service after Receiving Severance Pay hire.

1. ~~After~~ If more than two years ~~have elapsed~~ pass ~~since an employee has~~ after ~~received~~ ing severance payment, ~~the~~ an employee who is only ~~returned~~ sed to the state service ~~as by either a new hire or a reinstatement in accordance with~~ is treated like any other employee who separates and returns to classified employment. ~~regular procedures for such appointments. All state service time before receipt of severance pay is transferred to the prior service counter, and cannot be restored as continuous service credit under any condition.~~

2. If an employee ~~who has received severance pay is~~ returned ~~sed~~ to state service within ~~two~~ two years ~~of from the date of receiving~~ pt of such ~~severance pay~~ payment, the employee ~~is subject to the following:~~

~~(1)~~ a. Must agree in writing to the method and schedule to R repay within 12 months of returning to the agency of layoff ~~the state~~ the net amount of any ~~the~~ severance pay ~~ment received.~~

- ~~(a) The employee has a 12-month period in which to make repayment to the agency from which severance payment was received.~~
- ~~(b) Time limitations for repayment begin with the date of return to state service or upon the completion of any required probationary period.~~
- ~~(c) The method and time schedule for repayment must be documented in a written agreement between the employee and the appointing authority.~~
- ~~(2) Have current hours restored from prior service hours when repayment of severance pay is made in full.~~
- ~~a.b. The employee is initially returned to state service as a by reinstatement; with cCurrent continuous _service time hours which existed at the time at of the severance payment layoff is transferred to the prior _service counter.~~
- ~~b.c. If the employee returns to state service in a different calendar year from the one in which the payment was made, the employee is credited with Receives an initial annual _leave grant of 16 hours only if returning in a calendar year different from that when the payment was made. The employee is credited with annual leave at the rate of four hours for each 80 hours of completed service in the same manner as a new hire.~~
- ~~c. The employee is notified in writing that contact must be made with the appointing authority of the agency from which the severance payment was made to arrange for a repayment schedule for both severance payment and sick leave payoff (if applicable).~~
- ~~d. The employee must notify the current agency in writing of the arrangements that have been made and the time frame within which they are to be completed.~~
- ~~e. The employee is treated as a newly reinstated employee during the entire period of repayment. The employee accrues annual leave at the rate of four hours for each 80 hours of paid service and, even if the employee had been previously eligible for longevity payment, does not receive credit for this period of time toward an annual longevity payment.~~
- ~~§3. At the completion of After full repayment, the employee's current agency shall changes the reinstatement to a return from layoff and do the following:~~
- ~~(1)a. The agency rRestores to the continuous service hours counter hours from the prior _service hours counter; those hours the employee had in as the continuous _service hours counter hours at the time the severance payment was made.~~
- ~~(2)b. The agency reRestore redits all sick _leave hours the employee had at the time that when the paid severance payment was made, unless sick leave was paid off based on continuous employment since October 1, 1980.~~

- ~~(3)c.~~ Make any longevity payment to the employee that was not received but would have been received ~~if the employee had been credited with the prior-service hours immediately upon return to state service.~~ qualified for an initial longevity payment, but had not received one before being laid off, the agency must make this initial payment to the employee.
- ~~(4)~~ If the employee has previously qualified for longevity, returns in one fiscal year, and completes repayment in another, the agency must make a pro-rata longevity payment to the employee for such hours worked in the previous fiscal year.
- ~~(5)d.~~ When the employee has made complete and total repayment of severance pay and the agency has made the necessary adjustments in the employee's history and hours counters, Allow the employee to ~~is eligible to~~ buy back paid off sick or annual leave under all regular procedures. The eligibility and time limits ~~of the employee to make this purchase start~~ after ~~from the date that the final full repayment of severance pay is made. All regular procedures for buy back must be followed.~~
- ~~34.~~ Under no circumstances may ~~t~~ The appointing authority ~~cannot~~ do any of the following:
- ~~a.~~ Make any adjustment in the 16 hour initial annual leave grant.
- ~~ba.~~ Retroactively adjust the annual leave counter for any differences ~~that may have occurred~~ between the accrual rates ~~for each 80 hours of service the employee had been receiving while making~~ before and after ~~repayment and the accrual rate the employee would have received, based on the service hours after restoration.~~
- ~~eb.~~ Allow the employee to use any ~~re-credited~~ sick ~~leave hours for any lost time~~ the employee may have ~~due to illness during the period of repayment.~~
- ~~4c.~~ The employee is not p ~~laced~~ the employees ~~on any recall lists.~~

CONTACT

Questions on this regulation may be directed to Compensation, Civil Service Commission, P.O. Box 30002, 400 South Pine Street, Lansing, Michigan 48909; by telephone at 517-241-0837 or 517-373-7618; or to MCSC-Compensation@mi.gov.