

<b>Maricopa Special Health Care District Policy Severance Pay for Release of Claims</b>		<b>Number:</b> HR 2423 <b>Revision:</b> N/A
<b>Category:</b>		<b>Issued:</b> 9/21/04
<b>Initiated by:</b> Ted Shaw, CEO	<b>Approved by:</b> Board of Directors	<b>Revised:</b> N/A

## I. Purpose

The purpose of this policy is to provide the framework and process for the discretionary payment of Severance Pay for Release of Claims (Severance Pay) to employees affected by a reduction in force (RIF). The District may permit the payment of Severance Pay to a classified or unclassified employee affected by a RIF in exchange for a release of claims signed by that employee. The appointing authority or designee must submit a written proposal to Human Resources for the payment of Severance Pay as provided in this policy no less than thirty (30) days prior to the anticipated date of the RIF.

## II. Definitions

1. **Appointing Authority.** The single administrative or executive head of a department, or the designated head authorized to act in this capacity.
2. **Reduction in Force.** The separation of a regular employee from classified service, or of an unclassified employee due to one of the following reasons: lack of funds, lack of work, or abolishment of position.
3. **Severance and Release Agreement.** An Agreement entered into between an employee affected by a RIF and the District in which the District agrees to make a severance payment to the employee in exchange for that employee's release of all claims, known or unknown, which that employee may have had against the District through the employee's last day of employment.
4. **Severance Pay.** Payment by the District of a specific amount to an employee affected by a RIF under the circumstances and subject to the terms and conditions set forth in this policy.

## III. Authorization and Eligibility

1. At the discretion of the Chief Executive Officer, subject to the approval of the Board of Directors, Severance Pay may be authorized for any employee(s) separated from employment with the District as a result of a reduction in force (RIF).
2. Classified and unclassified employees, excluding initial probationary, temporary or contract employees, may be eligible to receive Severance Pay.

3. As provided in this policy, where the payment of Severance Pay has been approved by the Chief Executive Officer, the employee's eligibility to receive Severance Pay is contingent upon that employee's execution of a Severance and Release Agreement.
4. The Chief Executive Officer may authorize Severance Pay in installments or in a lump sum.
5. Exceptions to this policy may occur with Board approval only.

**IV. Process**

1. When the appointing authority or designee determines that a reduction in force is necessary, and that the payment of Severance Pay (as defined in this policy) is appropriate, the appointing authority shall notify the Human Resources Director of the anticipated reduction in force, in accordance with HR 2403, and shall submit a proposal to Human Resources for approval by the Chief Executive Officer for the payment of Severance Pay no less than 30 days prior to the RIF.
2. Any employees to be affected by an anticipated RIF may be considered eligible for Severance Pay. However, it is not required that all affected employees in a department undergoing a RIF be offered Severance Pay under this policy.
3. The appointing authority will prepare a letter of justification (with approvals from the department's director) supporting the Severance Pay proposal no less than ten (10) business days prior to the anticipated date of the RIF. The justification will include:
  - a. the reason for the Severance Pay;
  - b. the amount of Severance Pay to be offered;
  - c. the anticipated date of the reduction in force;
  - d. a list stating the name of each employee to be offered Severance Pay, and for each employee named will also provide: that employee's market range job title; working title; budgeted pay rate; low org/cost center; position control number; hire date; and the total amount to be paid to the employee.
4. Severance Pay proposals must be verified for funding with the Chief Finance Officer, prior to being submitted to Human Resources for approval by the Chief Executive Officer.
5. In those cases where the Chief Executive Officer approves Severance Pay, the appointing authority will provide Human Resources Payroll with the list of employees (see subparagraph IV.3.d) approved to receive Severance Pay, and the amounts to be paid to each employee. Severance Pay is subject to Board of Directors approval.