

University of California Payroll Staff Transition Program Effective August 1, 2012

I. PROGRAM SUMMARY

The University of California Payroll Staff Transition Program (Program) is a temporary program consisting of four elements: Retention Pay, Enhanced Severance Pay, Outplacement Assistance, and Relocation Pay. These elements may be offered under this Program to certain employees in addition to what is currently provided under other University policies and programs. A location may implement a local Payroll Staff Transition Plan (Local Plan) in accordance with this systemwide Program Document.

The University has sole discretion to establish eligibility criteria for the Program, determine selection for participation, and determine which elements and amount of pay may be offered to a participating employee. These management actions are not subject to the complaint resolution process under *Personnel Policies for Staff Members (PPSM) 70 (Complaint Resolution)*, unless the complaint alleges that the action was taken for discriminatory or retaliatory purposes in violation of *PPSM 12 (Nondiscrimination in Employment)*.

Program Purpose

The purpose of the UC Payroll Staff Transition Program is to retain certain employees who have been designated as Mission Critical or Continuity in order to continue payroll fulfillment and processing during the implementation of and transition to the Oracle PeopleSoft product, as part of the UCPATH Initiative. For purposes of this Program, “payroll fulfillment and processing” includes the maintenance of all relevant underpinning technologies, as well as benefits functions necessary to fulfill and process payroll. Retention Pay, Enhanced Severance Pay, and/or Outplacement Assistance may be offered by management to certain eligible Mission Critical or Continuity employees whose positions have been targeted for elimination due to the UCPATH Initiative or the implementation of the UCPATH Shared Services Center but who agree to provide continuous UC service and ensure that transition deliverables are completed. Relocation Pay may be offered to motivate an employee who has been offered a position in the UCPATH Shared Services Center to move to the UCPATH Shared Services Center location.

Program Approval and Oversight

Once approved by the President, the Program will be overseen by an Administrative Oversight Committee (AOC) comprised of:

- Vice President–Human Resources
- Associate Vice President and Systemwide Controller
- 3 Campus UCPATH Executive Steering Committee Members
- Director–Employee Relations, Office of the President (to ensure accurate adherence to University policies)

- Designee from the Office of the President Labor Relations (to ensure accurate adherence to Collective Bargaining Agreements)

If at any point the AOC recommends any substantive or material changes to this Program Document, the AOC will obtain the approval of the President before implementing such changes.

Program Period

The Program will terminate six months following the final implementation date (Wave III) for the UCPATH Initiative, unless extended or terminated earlier by the President in accordance with the Program Amendment and Termination section below.

For staff identified as Mission Critical or Continuity at the Office of the President who maintain the base payroll system and other underpinning technologies necessary to fulfill payroll, the Local Plan may provide for payments throughout the period of systemwide implementation of the UCPATH Initiative and transition to the UCPATH Shared Services Center, up until the PPS system is decommissioned.

II. Retention Pay, Enhanced Severance Pay, and Outplacement Assistance

Local Plan Approval

Once approved by the President, the Program may be implemented at locations at the discretion of the Chancellor as set forth below. If it is to be implemented locally, the Chancellor or his/her designee will prepare a local Payroll Staff Transition Plan for administering the Program and submit the Local Plan to the AOC for review and approval. Once approved by the AOC, the Local Plan may be implemented by the Chancellor or his/her designee.

If a location wishes to make changes to its Local Plan after initial AOC approval, those changes must be approved by the Chancellor or his/her designee and submitted to the AOC for approval prior to implementing the changes. Examples of Local Plan changes that must be submitted to the AOC for approval include, but are not limited to, the addition of Eligible Employees to the Local Plan, the removal of Participants from the Local Plan prior to the end of their Retention Periods, a change in the identification of a Participant as Mission Critical or Continuity, or a change in the expected Retention Pay or Enhanced Severance Pay amount to be provided to a Participant.

Local Plan Administration

The Local Plan will be funded by and at a level determined by the location. The Chief Human Resources Officer (CHRO) will ensure that implementation and administration of the Program and Local Plan are consistent across the location.

The Local Plan must include a description of the UCPATH Initiative's impact on local payroll operations. For departments with staff involved with fulfilling or processing payroll who will be affected by the UCPATH Initiative or the UCPATH Shared Services

Center, the Local Plan must contain the following information (see the Local Plan Spreadsheet Template provided in the Related Documents section below):

- Name of each affected department, department head, and operational unit.
- Total FTE and number of employees in each affected operational unit.
- Total number of payroll-related FTE impacted and number of payroll-related employees impacted by the UCPATH Initiative by department and operational unit.
- Total number of Eligible Employees who have been identified as Mission Critical.
- Total number of Eligible Employees who have been identified as Continuity.
- For each Eligible Employee identified as Mission Critical or Continuity, include:
 - Operational unit, Eligible Employee name, employee ID number, position title, personnel program (PSS or MSP), bargaining unit status, appointment percentage (FTE), annual base salary, and whether Mission Critical or Continuity.
 - Proposed start and end dates of the Eligible Employee's Retention Period. (The Retention Period end date may coincide with the Eligible Employee's anticipated last day of employment.)
 - Total amount of any Retention Pay and Enhanced Severance Pay to be provided to the Eligible Employee.

The Local Plan must also specify the date the Local Plan will terminate.

The assigned Description of Service (DOS) codes specific to this Program **must** be used when making payments under this Program. These codes are:

URP - UCPATH Retention Pay

UES - UCPATH Enhanced Severance Pay

Local Plan Period

The period for a Local Plan will begin when the Local Plan is implemented by the Chancellor or his/her designee after approval by the AOC. Payments under this Program cannot be made prior to that time. A Local Plan may provide for payments to Participants up until six months after the UCPATH implementation date at the location, at which point the Local Plan will end.

Eligibility

Only an Eligible Employee may participate in and receive pay under this Program. An Eligible Employee is a policy-covered employee who holds a career appointment in the Professional & Support Staff (PSS) or Managers & Senior Professionals salary grades I-VII (MSP I-VII) personnel groups and who meets all of the following criteria:

- The employee works in a position involved with payroll fulfillment or processing,
- His/her position has been targeted for elimination due to the UCPATH Initiative or the implementation of the UCPATH Shared Services Center,

- The employee has been identified by management as either Mission Critical or Continuity (see definitions below),
- The employee has signed and returned to the University a Retention Letter per this Program Document prior to the start of his/her Retention Period, and
- The employee continues to fulfill performance expectations as determined by management throughout his/her Retention Period.

To be eligible to receive Enhanced Severance Pay, the Eligible Employee must meet all of the above criteria *and* involuntarily separate from the University.

A policy-covered PSS or MSP I-VII employee who holds a career appointment and is on an approved or protected leave of absence may be eligible to be considered for participation in and receive pay under this Program upon his/her return to work.

A rehired retiree who is appointed to a position that is covered under PPSM may be eligible to receive Retention Pay but not Enhanced Severance Pay under this Program.

Represented employees' eligibility will be subject to the bargaining process.

Ineligible to Participate

- Managers & Senior Professionals salary grades VIII-IX (or equivalent) and Senior Management Group members are not eligible to participate in this Program.
- Employees who hold contract or limited appointments are not eligible to participate in this Program.
- Employees hired at a location after the implementation of a Local Plan are not eligible to participate in this Program at that location.

A Participant who has been found to have committed a serious violation of state or federal law or University policy prior to the distribution of Retention Pay will not be eligible to receive that pay under this Program. If allegations are under investigation at the time a retention payment is scheduled to be made, the payment may be withheld pending the outcome of the investigation.

A Participant in this Program is not eligible to concurrently participate in other University separation programs.

Identification of Mission Critical or Continuity Employees

For the purposes of this Program only, management has the discretion to identify certain employees as "Mission Critical" or "Continuity." Not every employee whose position has been targeted for elimination may be identified as Mission Critical or Continuity.

A ***Mission Critical employee*** is essential to the production of the actual payroll file or payroll fulfillment which includes accurate and timely pay to employees. The employee

must have current responsibility to carry out a process such that the departure of the employee would have a materially adverse impact on the University's ability to run payroll. A location should designate no more than a few employees as mission critical.

A **Continuity employee** is not directly involved in payroll fulfillment but works in a position to support fulfillment or complete important deliverables. This employee is necessary to carry on in his/her role for a certain, defined period of time, for example, until a deadline is met or project implementation is completed. The departure of an employee providing continuity is not fatal to payroll processing but may cause a slowdown or otherwise adversely impact delivery.

Retention Period

An Eligible Employee's Retention Period will begin and end on the dates specified in that employee's Retention Letter, provided that the Eligible Employee has signed and returned the Retention Letter to the University prior to the Retention Period start date. A Retention Period may not begin before the Eligible Employee returns his/her signed Retention Letter to the University. If the Eligible Employee has signed and timely returned his/her Retention Letter, he/she will become a Participant in this Program on the Retention Period start date.

Retention Pay

A Participant designated as Mission Critical may receive Retention Pay up to a total amount of 50% of his/her Total Earnings for his/her applicable Retention Period. A Participant designated as Continuity may receive Retention Pay up to a total amount of 25% of his/her Total Earnings for his/her applicable Retention Period. ***However, the combined amount of any Retention Pay and Enhanced Severance Pay (if applicable) provided to any individual Participant may not exceed \$75,000 throughout the life of the Program.*** For purposes of this Program, "Total Earnings" is defined as straight time earnings, including any shift/weekend differential, and overtime earnings.

In order to maximize the retention of staff, it is strongly recommended that the entire Retention Pay amount be paid in a lump sum at the end of the Participant's Retention Period. Alternatively, if a location decides to make installment payments to the Participant throughout the Participant's Retention Period, payments should be graduated. It is recommended that the first payment be no more than 5% of the total Retention Pay amount. The installment payment amounts may increase over the duration of the Participant's Retention Period with the final payment being the greatest amount. Retention Pay will be paid to the Participant in the pay period following the end of the Participant's Installment or Retention Period.

Enhanced Severance Pay

A Participant designated as Mission Critical or Continuity may be offered Enhanced Severance Pay under this Program, which would be paid if the Participant is involuntarily separated by the University. This Enhanced Severance Pay would be provided in lieu of the regular severance pay that the Participant would otherwise

receive under the applicable layoff or termination policy or collective bargaining agreement. The Enhanced Severance Pay would also be provided in lieu of any right to recall/preference for reemployment that the Participant would otherwise receive under the applicable layoff policy or collective bargaining agreement. The Enhanced Severance Pay offered must be greater than what the Participant would otherwise receive as regular severance under the applicable layoff or termination policy or collective bargaining agreement but no more than 1.5 times that amount. Refer to *PPSM 60 (Layoff and Reduction in Time from Professional & Support Staff Career Positions)*, *PPSM 65 (Termination of Career Employees – Managers and Senior Professionals, Salary Grades I through VII)*, and the applicable collective bargaining agreement for severance terms.

The combined amount of any Retention Pay and Enhanced Severance Pay (if applicable) provided to any individual Participant may not exceed a total of \$75,000 throughout the life of the Program.

The Participant's acceptance of the Enhanced Severance Pay will constitute a waiver of any right to regular severance pay and any right to recall/preference for reemployment that the Participant would otherwise have under the applicable layoff or termination policy or collective bargaining agreement.

A Participant who has received Enhanced Severance Pay under this Program who is re-employed in any position at any University of California location at the same or higher salary as the position held at the time of involuntary separation will repay to the University any portion of the Enhanced Severance Pay received that exceeds the time the Participant was involuntarily separated.

Outplacement Assistance

A location may offer Outplacement Assistance to a Participant to aid him/her in seeking future employment. This assistance should be provided toward the end of the Participant's Retention Period.

Retention Letter

Using the appropriate Retention Letter Template included in the Related Documents section below, a location will provide each Eligible Employee identified as Mission Critical or Continuity with a Retention Letter that specifies the following:

- The Eligible Employee's name, position title, personnel group (PSS or MSP), annual base salary, and bargaining unit status.
- The proposed start and end dates of the Eligible Employee's Retention Period.
- Which identification the Eligible Employee has received (Mission Critical or Continuity).
- Which Program elements are being offered to the Eligible Employee and the total pay under each element that is being offered.
- The dates the proposed payments to the Eligible Employee will start and end.

In addition, the letter must notify the Eligible Employee that:

- Absence from work for any reason of more than 5 cumulative days in any month during his/her Retention Period will result in a pro rata deduction in the amount of Retention Pay he/she will receive for that payment period.
- If he/she does not meet performance expectations throughout his/her Retention Period, he/she will keep any Retention Pay already received but will not receive any additional payments, including prorated payments.

If the location is offering the Eligible Employee Enhanced Severance Pay under this Program, the letter must notify the Eligible Employee that:

- He/she must be involuntarily separated by the University in order to be eligible to receive Enhanced Severance Pay.
- He/she will be required to sign a Separation Agreement with a complete release of claims at the time of separation in order to be eligible to receive Enhanced Severance Pay.
- He/she must return the signed Separation Agreement to the University within 21 days of the effective date of his/her involuntary separation in order to be eligible to receive Enhanced Severance Pay.
- Accepting Enhanced Severance Pay under this Program will constitute a waiver of any right to regular severance pay and recall/preference for reemployment that he/she would otherwise have under the applicable layoff or termination policy or collective bargaining agreement.
- The repayment provision under this Program will apply if he/she is re-employed by the University during the time period for which he/she received Enhanced Severance Pay.

The Eligible Employee will be required to sign and return a copy of the Retention Letter to acknowledge his/her understanding of the proposed terms.

Separation Agreement

In order to receive Enhanced Severance Pay under this Program (if applicable), a Participant will be required to sign a Separation Agreement with a complete release of claims at the time of separation. The Separation Agreement will include a waiver of the Participant's right to regular severance pay and (if applicable) recall/preference for reemployment. The Separation Agreement will also specify the repayment terms for the Enhanced Severance Pay. The Participant must sign and return the Separation Agreement to the University within 21 days of the effective date of his/her involuntary separation in order to be eligible to receive Enhanced Severance Pay. The Enhanced Severance Pay will be paid to the Participant within 14 days of receipt of the signed Separation Agreement.

Other University Employment

A Participant who accepts another position at any University of California location before the end date of that Participant's Retention Period is not eligible to receive either regular severance pay under Policy or Enhanced Severance Pay under this Program. If the Participant begins serving in the new position prior to the end of his/her Retention Period, he/she will keep any Retention Pay already received but will not receive any further retention payments, including prorated payments.

A Participant who is re-employed by the University after the employee has been involuntarily separated will be subject to the applicable repayment provision for regular severance pay or Enhanced Severance Pay if the re-employment occurs during the period for which the Participant received such pay. The Participant will retain any Retention Pay received.

Separation from the University

A Participant who voluntarily resigns or retires during his/her Retention Period or who involuntarily separates from the University for any reason other than total disability or death during his/her Retention Period will keep any Retention Pay already received but will not receive any further retention payments, including prorated payments.

A Participant who involuntarily separates due to total disability during his/her Retention Period will be eligible for a prorated retention payment for the period up until the date the separation occurred, provided that the Participant continued to meet performance expectations during that period. Disability will be determined based upon applicable University policies. In the case of total disability, the prorated payment will be calculated and paid in accordance with the normal processing schedule unless the location decides to process the payment sooner.

A Participant whose employment terminates as a result of death during his/her Retention Period is eligible to receive a prorated payment for the period up until the date the death occurred, provided that the Participant continued to meet performance expectations during that period. In the case of death, the prorated payment will be calculated and paid in accordance with the normal processing schedule unless the location decides to process the payment sooner. The prorated payment will be issued to the estate of the deceased Participant.

III. RELOCATION PAY

Purpose

In addition to what is provided under *Business and Finance Bulletin G-13 (Policy and Regulations Governing Moving and Relocation)*, the UCPATH Shared Services Center may offer a lump sum payment of up to \$5,000 (less taxes and withholding) to motivate an employee to move to the UCPATH Shared Services Center location.

Eligibility

An employee who has accepted a position in, and critical to the mission of, the UCPATH Shared Services Center is eligible to participate in and receive Relocation Pay under this Program.

Represented employees' eligibility may be subject to the bargaining process.

Ineligible to Participate

An employee who already works at or lives within 50 miles of the UCPATH Shared Services Center location is not eligible to receive Relocation Pay under this Program.

Approval

Before any payment is made to an employee, the proposed Relocation Pay amount must be submitted to the AOC for review and approval.

Local Administration

Relocation Pay will be funded by and at a level determined by the UCPATH Shared Services Center location.

The assigned DOS code specific to this Program **must** be used when making payments under this Program. This code is:

URL - UCPATH Relocation Pay

IV. COMPLIANCE AND REPORTING

Each location is accountable for establishing monitoring procedures to ensure that local administration of this Program is in compliance with this Program Document and that appropriate enforcement measures to address noncompliance are implemented. The Director–Human Resources Compliance may audit and/or monitor compliance with the Local Plan and the Program requirements set forth above.

Each location will report the distribution of payments made under this Program to the AOC within 60 calendar days of the distribution of final payments at that location (see the Local Plan Reporting Template provided in the Related Documents section below). The report must be submitted to the Vice President–Human Resources and, for each Participant paid under this Program, will include:

- Participant name, employee ID number, position title, and Mission Critical or Continuity designation.
- Total amount of Retention Pay (if any) distributed to the Participant and the date paid.
 - If paid in installments, include the date and amount of each payment made to the Participant.
- As applicable, the total amount of Enhanced Severance Pay distributed to the Participant and the date paid.

The AOC will provide a summary of the reports to the President.

The UCPath Shared Services Center will report to the AOC on any amount of Relocation Pay provided to an employee.

V. TREATMENT FOR BENEFIT PURPOSES

Pay provided under this Program is not considered to be compensation for University benefit purposes, such as the University of California Retirement Plan or employee life insurance programs.

VI. TAX TREATMENT AND REPORTING

Pay provided under this Program will be included in the employee's income as wages subject to withholding for federal and state income taxes and applicable FICA taxes. Pay provided under this Program is reportable on the employee's Form W-2 in the year paid.

VII. PROGRAM AMENDMENT AND TERMINATION

The President may amend or terminate this Program at any time and for any reason; however, in the event of any amendment or termination, the terms of existing Retention Letters will be honored.

VIII. EXCEPTIONS TO POLICY CREATED BY THIS PROGRAM

Certain provisions of this Program constitute exceptions to existing policies. Approval of this Program by the President constitutes approval of these policy exceptions (listed below) for the purposes of this Program only. The approval of these exceptions will terminate locally as each Local Plan terminates.

PPSM 30 (Salary)

- Section K.: An employee who is appointed at 100% time may not receive additional compensation from the University for any work or services which are related to the employee's appointment regardless of source or type of payments.
 - *Approved Exception:* A Participant who is appointed at 100% time may receive additional compensation in the form of Retention Pay under this Program only for work or services which are related to the employee's appointment.

PPSM 60 (Layoff and Reduction in Time from Professional & Support Staff Career Positions)

- Section A.2.: To minimize the effects of indefinite layoff and indefinite reduction in time, the University will: Provide regular status employees covered by this policy who are laid off indefinitely or whose time has been reduced indefinitely with severance pay in accordance with Section J. of this policy, unless a location provides such employees with the option of electing either:

- The right to be recalled to the department from which the employee was laid off or reduced in time (Section F.1.), and preference for reemployment in all departments of the campus (Section F.2.), or
- Severance pay in accordance with Section J. of this policy.
- *Approved Exception:* A Participant who accepts Enhanced Severance Pay under this Program waives his/her right to severance and (if applicable) his/her right to recall/preference for reemployment under PPSM 60.
- Section F.: A location may choose to provide regular status employees covered by this policy with the option to elect recall and preference for reemployment in lieu of severance pay.
 - *Approved Exception:* A Participant who accepts Enhanced Severance Pay under this Program waives his/her right to severance and (if applicable) his/her right to recall/preference for reemployment under PPSM 60.
- Section J.: The employee will be paid a lump sum amount of one week (5 workdays) of salary for each full year of service from the most recent break in service, up to a maximum of 16 weeks of base pay.
 - *Approved Exception:* A Participant may receive Enhanced Severance Pay under this Program of up to 1.5 times the amount of severance pay the Participant would otherwise receive under PPSM 60.
- Policy does not provide for outplacement assistance to be given to PSS employees who have been laid off.
 - *Approved Exception:* Locations may offer Outplacement Assistance under this Program to Participants in the PSS personnel group.

PPSM 65 (Termination of Career Employees – Managers and Senior Professionals, Salary Grades I through VII)

- Section D.4.a.: Managers and senior professional employees may be assisted, at the discretion of the Chancellor, as follows: A location may grant severance pay in the amount of one month of pay, or less, for each completed year of continuous University service to a maximum of six months of severance pay.
- *Approved Exception:* A Participant may receive Enhanced Severance Pay under this Program of up to 1.5 times the amount of severance pay the Participant would otherwise be eligible to receive under PPSM 65.

IX. RELATED DOCUMENTS

- Local Plan Spreadsheet Template
- Retention Letter Template (Managers & Senior Professionals)
- Retention Letter Template (Professional & Support Staff)
- Local Plan Reporting Template