

1 25 NCAC 01D.2701 is being proposed for amendment as follows:

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3 **25 NCAC 01D .2701 SEVERANCE SALARY CONTINUATION POLICY**

4 ~~G.S. 143-27.2~~ G.S. 126-8.5 provides for severance salary continuation or a discontinued service retirement
5 allowance when the Director of the Budget determines that the closing of a State institution or a reduction-in-force
6 will accomplish economies in the State Budget, provided reemployment is not available. "Economies in the State
7 Budget" means economies resulting from elimination of a job and its responsibilities or from a lack of funds to
8 support the job. ~~The provisions outlined below provide for uniform application of severance salary continuation for~~
9 ~~eligible employees.~~ Severance salary continuation shall be paid to eligible employees as defined in 25 NCAC 01D
10 .2702 in accordance with the rules in this section. Severance pay shall be subject to available funding and approval
11 by the Office of State Budget and Management.

12 (1) ~~Eligible Employees:~~

13 (a) ~~A full time or part time (20 hours or over) employee with a permanent appointment who~~
14 ~~does not obtain another permanent or time limited permanent job in State government or~~
15 ~~any other permanent position that is funded in part or in whole by the State by the~~
16 ~~effective date of the separation shall be eligible for severance salary continuation. Also~~
17 ~~eligible are employees with trainee appointments who have completed six 24 months of~~
18 ~~service, and employees who had a permanent appointment prior to entering a trainee~~
19 ~~appointment;~~

20 (b) ~~An employee with a probationary, temporary or intermittent appointment is not eligible~~
21 ~~for severance salary continuation;~~

22 (c) ~~An employee separated from a time limited permanent appointment is not eligible for~~
23 ~~severance salary continuation. If the appointment extends beyond three years, the~~
24 ~~appointment is made permanent and the employee becomes eligible for severance salary~~
25 ~~continuation;~~

26 (d) ~~An employee who is separated or scheduled to be separated due to reduction in force and~~
27 ~~who applies for retirement benefits based on early retirement, service retirement, long~~
28 ~~term disability or a discontinued service retirement as provided by G.S. 143-27.2 shall~~
29 ~~not be eligible for severance salary continuation. An employee who is eligible for early~~
30 ~~or service retirement may elect to delay retirement and receive severance salary~~
31 ~~continuation;~~

32 (e) ~~An employee who is reemployed from any retired status with the State and who is~~
33 ~~subsequently terminated as a result of reduction in force shall be eligible for severance~~
34 ~~salary continuation;~~

35 (f) ~~An employee who is receiving workers' compensation or short term disability payments~~
36 ~~is eligible for severance salary continuation;~~

- (g) ~~An employee on leave with pay or leave without pay shall be separated on the effective date of the reduction in force, the same as other employees, and shall be eligible to receive severance salary continuation;~~
- (h) ~~An employee with a permanent appointment separated by reduction in force, may accept a temporary State position and remain eligible to receive severance salary continuation in accordance with this Section;~~
- (i) ~~An employee may continue to receive severance salary continuation if reemployed under a contractual arrangement in a State university or community college in accordance with G.S. 143-27.2. However, an employee receiving salary continuation may not be reemployed in any other State agency until 12 months have elapsed since the separation;~~
and
- (j) ~~An employee with a permanent appointment scheduled to be separated through reduction in force may decline a lower level position with regard to salary grade (or salary grade equivalency), salary rate or appointment type and retain eligibility for severance salary continuation.~~

~~(2) Amount and Method of Payment:~~

- (a) ~~Severance salary continuation shall be based on total State service and supplemented by an age adjustment factor as follows:~~

- (i) ~~Amount of Salary Continuation:~~

<u>Years of Service</u>	<u>Payment</u>
Less than 1 year	2 weeks
1 but less than 5 years	1 month
5 but less than 10 years	2 months
10 but less than 20 years	3 months
20 or more years	4 months

- (ii) ~~Age Adjustment Factor:~~

~~An employee qualifies for the age adjustment factor at 40 years of age. To compute the amount of the adjustment, 2.5 percent of the annual base salary shall be added for each full year over 39 years of age; however, the total age adjustment factor payment shall be limited by the service payment and cannot exceed the total service payments;~~

- (b) ~~When calculating severance, the employee's annual salary at the time of separation shall be used except when the employee has received a promotion to a higher salary grade (or salary grade equivalency) and salary rate within the previous 12 months. If an employee has been promoted within the last 12 months, the salary used to calculate severance is the~~

1 employee's salary rate prior to the promotion, including any across the board legislative
2 salary increases since the promotion;

3 (e) ~~Severance salary continuation shall be paid on a pay period basis and is not subject to~~
4 ~~employee or employer retirement contributions, and as a result, shall not be included in~~
5 ~~computing average final compensation for retirement purposes;~~

6 (d) ~~Any period covered by severance salary continuation shall not be credited as a period of~~
7 ~~state service;~~

8 (e) ~~An employee who is reemployed in any permanent position with the State or any other~~
9 ~~permanent position that is paid in part or in whole by the State while receiving severance~~
10 ~~salary continuation will no longer be eligible for such pay effective on the date of~~
11 ~~reemployment;~~

12 (f) ~~If an employee dies while receiving severance salary continuation, the balance of such~~
13 ~~payment shall be made to the deceased employee's death benefit beneficiary as~~
14 ~~designated with the Teachers' and State Employees' Retirement System in a lump sum~~
15 ~~payment; and~~

16 (g) ~~Funds for severance salary continuation shall be provided as directed by the Office of~~
17 ~~State Budget and Management.~~

18 (3) ~~For each employee who receives severance salary continuation, agencies shall show on the~~
19 ~~separate form, Form PD 105, the calculation and amount of such payment.~~

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21 *History Note: Authority G.S. 126-4(10); ~~143-27.2~~; 126-8.5*

22 *Eff. October 1, 1985;*

23 *Amended Eff. October 1, 1995; September 1, 1991; November 1, 1990; November 1, 1988;*

24 *Recodified from 25 NCAC 01D .0509 Eff. December 29, 2003;*

25 *Amended Eff. February 1, 2016; March 1, 2009.*