


CHECKLIST FOR REDUCTION-IN-FORCE (RIF)

Before Considering a Reduction-in-Force:



The following
comprises legal,
practical and
budget-oriented
considerations when
conducting a
reduction-in-force.

Objectives of a RIF/Types of RIF

RIF Criteria

RIF Team or Task Force

Security and workplace violence

Employment Taxes and Pension Considerations

Final Pay

Severance Agreements/Arrangements

Communication

Personnel Files

Releases

Bargaining with the Union

Unrepresented employees

Pending or Potential liability or legal claims

Employee Benefits

This checklist contains best practices and risk management considerations. Keenan is not a law firm and this is not legal advice. The overarching best practice for a RIF is to involve legal counsel early in the process and throughout the decision-making and implementation of the RIF.

Before Considering a Reduction-in-Force:

1

A. Review potential alternatives to a RIF that achieve the same objectives but with less disruption/impact on the workforce and operations.

B. Review all areas for cost savings

- Renegotiating Employee Benefits packages can yield savings
- Implementation of a Hiring Freeze
- Freezing of negotiated Pay Increases/COLA's
- Reclassification of positions
- Furloughs
- Salary reductions
- Voluntary Separation/Early retirement programs
- Reduction of hours/Job Sharing opportunities

C. Review City Ordinance/Personnel Rules/Administrative Policies/Employee Relations Ordinance (ERO)

- Conduct a review of all applicable Collectively Bargained Agreements and employment contracts for non-represented employees that may be affected by a RIF
- Identify Essential Functions within the organization to ensure that operations can continue after the RIF is conducted
- Identify areas where technology can play a role (e.g., increase efficiency and reduce cost)
- Identify opportunities for consolidating services with a neighboring city or regionalization of services with many agencies.

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Objectives of a RIF/ Types of RIF

2

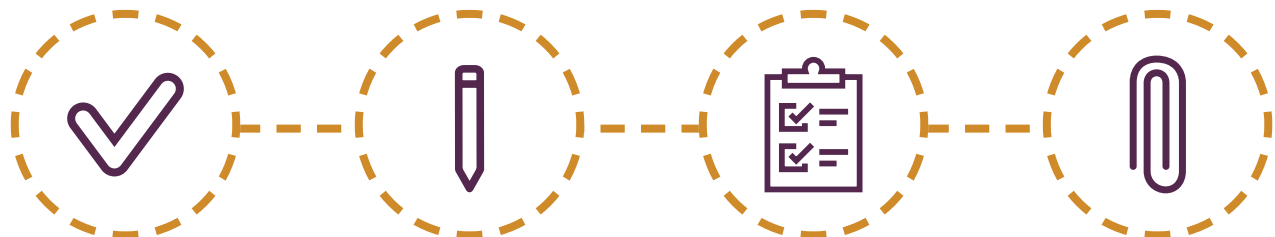
A. Identify the intended result of the RIF (e.g., cost savings)

- Organization-wide
- By Department

B. Consider adding a Voluntary Separation and/or Early Retirement Incentive Program component to the strategy

C. Document these goals and objectives and create a formal plan and budget (i.e., the cost of administering a layoff; increased UI claims, reduction of staff/benefits costs, etc.)

D. Establish a realistic timeline and plan for contingencies



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RIF Criteria

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A. What will the RIF criteria be? Consider:

- Performance
- Job Functions
- Location
- Disparate Impact
- Bumping/Seniority rights

B. If more than one selection criteria is used, set a priority order for the criteria

C. Ensure that Equal Employment Opportunity regulations/Adverse Impact analysis have been taken into consideration

D. Make a preliminary list of affected employees and then review for any legal, compliance, or contractual impacts. Review and revise until all considerations are taken into account, and the goals of the RIF are achieved.

E. Legal Counsel should review lists of affected employees at all stages: preliminary, revised, and finalized.

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RIF Team or Task Force

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A. Who will implement the RIF?

B. Create a team of key individuals that can facilitate at all levels within the organization

C. They should have a project timeline

D. They should clearly understand the objectives of the RIF

E. The Team should consist of various members, one of which should have authority (implicit or delegated) as well as Subject Matter Experts (SME), Finance/Budget Professional

F. Train your team on the selection criteria of the RIF

G. Counsel the Team on confidentiality before, during and after the RIF

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Security and Workplace Violence

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A. Retention of Public Agency property
(e.g., laptops, keys, ID cards, etc.)

B. Involve Employee Assistance programs for both affected
and remaining employees

C. Plan to: Secure email, collect ID badges and
disable physical and network access

D. Consider additional security during and after RIF

Employment Taxes and Pension Considerations

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A. Plan to communicate tax implications of final pay to
affected employees (e.g., lump-sum payout taxation)

B. Review and comply with state law requirements for
payment of employment taxes (e.g., unemployment,
local wage, etc.)

C. Clearly identify/communicate what is 'pensionable'
compensation in a final check

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Final Pay

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A. Determine the handling of applicable child support/garnishments

B. Ensure compliance for the delivery of final paychecks and establish a process for delivery to affected employees.

C. Pay-out of accrued leave time

- Can the agency afford the impact of pay-out of accrued leave? Consider options in the severance agreement.
- Ensure compliance of accrued leave pay-outs for taxation, pension, Federal/State laws, bargaining agreements, etc.



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Severance Agreements/Arrangements

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A. Is there a policy? If so, ensure compliance

B. Provide time for the employee to review the package, in compliance with any Federal or State requirements

C. Consequences of accepting/rejecting the package (Pros and Cons)

D. Legal Counsel should review all drafted and finalized agreements

E. Plan for how RIF and/or Severance will be disseminated to affected employees. Ensure that there is an acknowledgment included.



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Communication

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A. Identify when affected and unaffected employees will be informed

B. Who will communicate the RIF to:

- Affected employees
- Unaffected employees
- City Council/Board Members
- Unions
- Media/Press

C. Determine if the RIF will be communicated one-on-one or in a group. It may be appropriate to consider both options, depending on the message.

D. If need be, leverage internal communication resources such as a PIO within your organization to help craft the messaging. Ensure their objectivity and confidentiality.

E. Be transparent and consistent in your messaging

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Personnel Files

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A. Provide affected employees with instructions on how to obtain copies of their personnel files

B. Be prepared to handle requests for referrals and job verifications.

Releases/Notices

11

A. Legal counsel should be involved in the drafting/review of releases before a reduction-in-force

B. Require a release in exchange for severance/benefits not required by law or other contractual obligation

C. Ensure releases comply with ADEA Act

- Age Discrimination for workers over age 40 - 45 days to consider and 7 days to revoke



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Bargaining with the Union

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A. Are there NLRA considerations for the decision to conduct an RIF?

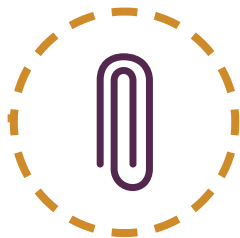
B. Gain mutual understanding of contractual restrictions of the RIF

- Bumping rights, seniority, etc.

C. Discuss RIF impacts to remaining members/employees

D. Are there obligatory job placement services that have been bargained for affected employees? If so, create a plan for implementing/compliance.

E. Consider offering outplacement services through a professional outsourcing firm to assist affected employees with the transition, provide career counseling, and to find new jobs.



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Unrepresented Employees

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A. Review Independent Contractor agreements for terms and conditions of release

B. Ensure compliance with Ordinance/Compensation Plans for affected employees who are not represented by a Union

Pending or Potential Liability or Legal Claims

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A. Do any of the affected employees have pending or recent claims for lawsuits, discrimination, workers' comp, grievances, FMLA/Leave Laws, etc.?

B. Are there any OSHA, Wage-Hour, or other agencies that could be involved?

C. Understand that if a lawsuit arises from the RIF, documents used and created for the RIF will become subject to legal proceedings. So be careful about what is written and how it is phrased.

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Employee Benefits

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A. Ensure that your Employee Benefits Broker and vendors are aware of the RIF

- Review and Employee Benefit contractual obligations, such as a change in membership that could result in re-rating of the plans
- Ask for any resources that they may have to support you before, during, and after the RIF

B. COBRA Benefits

- Understand and communicate
 - Federal and/or State continuation requirements (i.e. CalCOBRA)
 - Continuation of subsidies, cafeteria plan/flexible benefit dollars (if provided for in a severance agreement)
 - Conversion/portability rights for applicable plans such as Life Insurance or Long-Term Disability

C. Ensure that RIF packets include all applicable COBRA election and enrollment forms (latest version)

D. Provide instructions for affected employees to file/access Unemployment Benefits

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Employee Benefits Continued

E. Ensure that affected employees know how to contact their 457(b) and/or 401(k) providers to discuss options for their voluntary retirement accounts

F. Provide affected employees with information regarding Pension options (if applicable). They should know about vesting criteria and how to contact their pension provider.

G. If Furloughs are implemented, provide affected employees with information on how that will impact their Service Credit with their pension provider.

Providing Additional Assistance

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A. Consider offering resume writing and job counseling assistance to affected employees.

B. Contact your county's workforce development agency to ascertain what job placement services they can offer affected employees and provide that information in your communications.

C. Consider offering affected employees extended access, for a defined period of time, to counseling services available through your agency's Employee Assistance Program.

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Ease the Impact of Budget Cuts

The pandemic is impacting the fiscal health of our schools. The financial stress of this crisis will be felt for years to come and districts must consider drastic measures to deal with unforeseen budget cuts. **Keenan can help!** We offer products that enhance your employee benefit offering while providing immediate and long-term savings.



- Supplemental Employee Retirement Plan (SERP) offers employees the opportunity to retire early by providing an attractive incentive.
- Generates savings through the differential in the retiring employee and new hire salary costs.
- Reduces total salary costs, statutory costs, and helps avoid layoffs.



A school district with nearly 1,000 employees **saved \$13M over 5 years.**



- CompleteCare provides employees who enroll in their spouse's medical plan with up to 100% reimbursement for out-of-pocket medical expenses.
- Employers save money through reduced premium and claims costs while transferring risk, limiting liabilities and controlling benefits costs.



A school district with 1,000 employees **saved \$5.15M** in premiums and claims costs over **4 years.**



If you would like Keenan Financial Services to perform a feasibility study at **no-cost** to you to help you better understand the potential savings of each program, contact Isaac Stern at istern@keenand.com or 310.212.0363 ext 3608.

Online Training – Promoting Safety, Compliance and Employee Engagement

Providing enhanced resources for training, compliance and safety promotion, Keenan SafePersonnel courses have been specifically designed for California public agencies.

Our extensive library of over 175 courses provides education appropriate for administrators, administrative support personnel, and all staff. The library helps learners understand their personal responsibility for compliance and safety with Cal/OSHA laws and regulations, particularly in relation to their own jobs. This interactive library contains job specific scenarios and real-life situations that might occur during their job.

These robust training resources are provided at no additional cost to Keenan clients through the P&C Bridge online platform. Content is continually updated and regularly reviewed to remain current with California regulations and to address emerging risk management issues.

Built on technology extensively proven in California, the Keenan SafePersonnel program was recognized with a 2013 and 2018 Business Insurance Innovation Award. To date, Keenan's online training program has an established track record with over **9 Million** course completions.

Other features:

- ✓ Responsive design for mobile devices
- ✓ ADA compliance for visual/hearing impaired learning
- ✓ Customizable introduction, delivery of organization-specific policies and documents
- ✓ Courses align with your exposures, loss history and reinforce targeted prevention strategies
- ✓ Centralized, automated record of training for Cal/OSHA and risk management documentation

KEENAN SAFEPERSONNEL COURSES

The course library includes **over 175 courses** directly relevant to the education environment, many of which are available in Spanish. Course categories include:

- ✓ Emergency Management
- ✓ Employment Practices/Supervisory
- ✓ Environmental
- ✓ Health
- ✓ Human Resources
- ✓ Security
- ✓ Transportation

Keenan invites you to learn more about Keenan SafePersonnel. Please contact your Keenan Account Manager or Kathy Espinoza at (951) 715-0190 x1194 or kespinoza@keenand.com

Online Training – Promoting Safety, Compliance and Employee Engagement

Providing enhanced resources for training, compliance and safety promotion, Keenan SafeSchools courses have been specifically designed for California K-12 schools.

Our extensive library of over 350 courses provides education appropriate for administrators, teachers, administrative support personnel, custodial/grounds, nutrition services, security staff and those working in transportation. The library helps adult learners understand their personal responsibility for compliance and safety with Cal/OSHA laws and regulations, particularly in relation to their own jobs. This interactive library contains job specific scenarios and real-life situations that might occur during their job.

These robust training resources are provided to Keenan property, liability and workers' compensation clients through the P&C Bridge online platform. Content is continually being updated and regularly reviewed to remain current with California regulations and address emerging risk management issues.

Built on technology extensively proven in California schools, the KSS program was recognized with a 2013 and 2018 Business Insurance Innovation Award. To date, Keenan SafeSchools has an established track record with over **9 Million** course completions.

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KEENAN SAFESCHOOLS COURSES

The course library includes **over 350 courses** directly relevant to the education environment, many of which are available in Spanish. Course categories include:

- ✓ Child Abuse Prevention
- ✓ Emergency Management
- ✓ Employment Practices/Supervisory
- ✓ Environmental
- ✓ Health
- ✓ Nutrition Services
- ✓ Human Resources
- ✓ Transportation

Keenan invites you to learn more about Keenan SafeSchools. Please contact your Keenan Account Manager or Kathy Espinoza at (951) 715-0190 x1194 or kespinoza@keenana.com.

The Challenge:

School Districts across California are facing tough budget decisions in the upcoming years. Rising pension contributions, increasing healthcare costs, and flattening revenues are forcing public agencies to take a hard look at their benefit programs. How can you manage the bottom line while improving your employees' benefit package?

The Solution:

CompleteCare[®] is a financial incentive that encourages eligible employees to enroll in a spouse's group medical plan for the opportunity to be reimbursed up to 100% of their out-of-pocket expense. Through CompleteCare, the school district realizes immediate premium savings and the potential to reduce on-going premium costs for the entire group. Additionally, the employee is provided up to 100% coverage for their medical expense.



The Ultimate Win-Win:

By transferring the medical plan cost to the spouse's employer, you save money immediately. CompleteCare can lower the employer's cost to an average of \$6,000 per year for each participant that enrolls. The employee wins by having no out-of-pocket expense without an additional premium.

Employees win

- Participation is voluntary
- Premium differential reimbursement
- No out-of-pocket expenses for co-pays, deductibles, coinsurance, etc.

Employers win

- Immediate savings that grow with participation
- No changes to current benefits
- More benefit options for your employees

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310.212.0363 | KFS@keenand.com



Example: Susan's Surgery

Susan has decided that she is going to enroll in CompleteCare. She has enrolled on her husband Bill's group health plan and has submitted the proper paperwork. She is happy with the move but there are some differences in the benefits:



Current Plan

\$1,250 Deductible
\$500 Co-Pay
Same Prescription Co-Pay
No Reimbursement



Spouse's Group Plan & CompleteCare

\$2,500 Deductible
\$750 Co-Pay
Same Prescription Co-Pay
100% OOP Reimbursement

Susan has an unexpected medical emergency and requires surgery as well as prescription medication. The following table shows the out-of-pockets savings that Susan would experience with CompleteCare:



Current Plan

\$500 Co-Pay
+\$80 Prescriptions

\$580



Spouse's Group Plan & CompleteCare

\$750 Co-Pay
+\$80 Prescriptions

\$830
+\$830 Reimbursement
TOTAL = \$0.00

For more information, please contact us at completecare@keenan.com.

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Online Training – Promoting Safety, Compliance and Employee Engagement

Providing enhanced resources for training, compliance and safety promotion, Keenan SafeColleges courses have been specifically designed for California Community Colleges.

Our extensive library of over 250 courses provides education appropriate for administrators, faculty, administrative support personnel, custodial/grounds/M&O staff, campus security and students working at the college. The library helps adult learners understand their personal responsibility for compliance and safety with Cal/OSHA laws and regulations, particularly in relation to their own jobs. This interactive library contains job specific scenarios and real-life situations that might occur during their job.

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Built on technology extensively proven in California Community Colleges, the KSC program was recognized with a 2013 and 2018 Business Insurance Innovation Award. To date, Keenan SafeColleges has an established track record with over **9 Million** course completions.

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- ✓ Child Abuse Prevention for Child Development Centers
- ✓ Emergency Management
- ✓ Employment Practices/Supervisory
- ✓ Environmental
- ✓ Health
- ✓ Human Resources
- ✓ Transportation

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VOLUNTARY BENEFITS PROGRAM CUTS COSTS, NOT OPTIONS

School District saves \$5,084,750 in plan costs over two years with CompleteCare.

SITUATION

Rising healthcare costs and budgeting challenges have left many employers rethinking how they handle employee benefits. One public agency in the Southern California region was eager for a solution to help cut costs. The challenge was finding a way to reduce expenses without deteriorating benefit options.

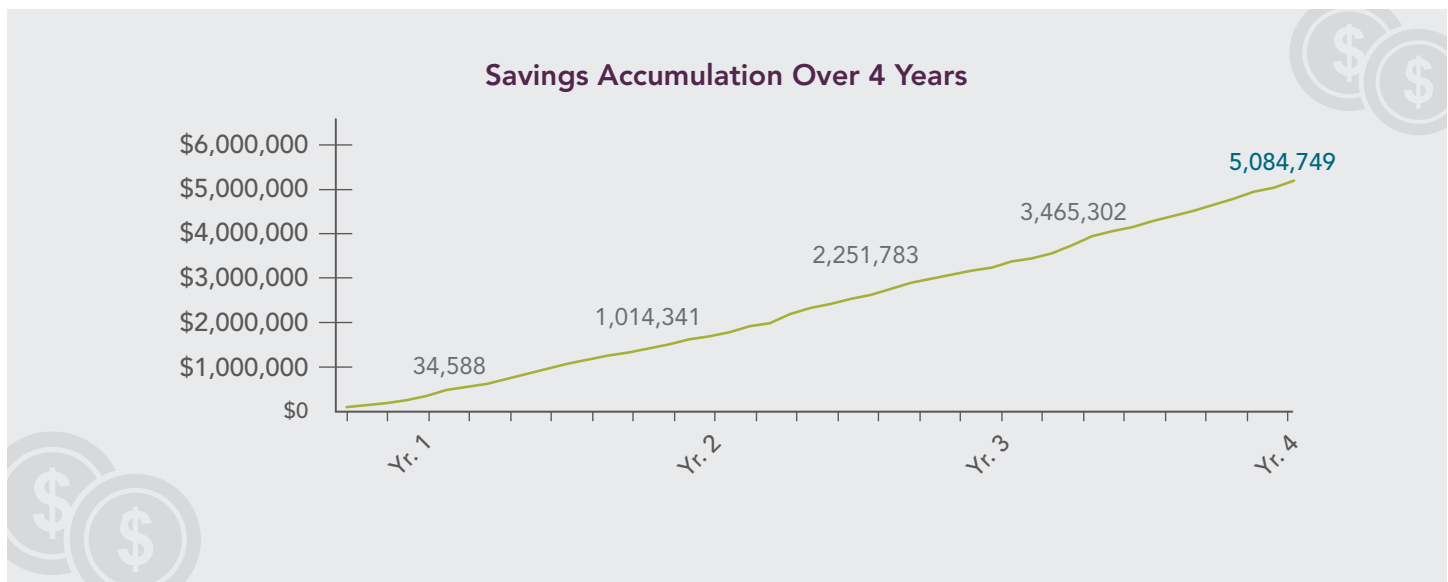
SOLUTION

With 1,000 employees in their group, they decided to offer CompleteCare as a voluntary choice for the last four years. CompleteCare is designed to be a win/win solution for the Employer, Unions and Employees. It encourages employees to enroll in an alternative group medical plan with the opportunity to get up to 100% of their out-of-pocket expenses, copays, and deductibles reimbursed. For employees who have an increased premium under their spouse's plan, CompleteCare can reimburse up to 100% of the difference.

By transferring medical plan costs to the spouse's employer, premium savings are immediately realized and risk is reduced for the employer. It also gives employees another cost-effective benefit option without deteriorating existing benefits.

RESULT

More than 90 participants signed up for the voluntary program over the 4 year period. The first month saw immediate plan savings of \$34,588. By year 2, savings rose over 300% compared to the first month. After 4 years, plan savings accumulated to a total of \$2,798,335 in immediate cost reduction and at least \$2,286,415 in utilization reduction.



A WIN/WIN/WIN SITUATION: CUT COSTS, NOT BENEFITS

Research from One Medical Group found that 59% of employees view employee benefits as “very important” to how they feel about their job and their employer. CompleteCare allows employers to save money without having to sacrifice the value that comes with offering comprehensive and affordable benefits packages. You move risk away from your organization, drive immediate savings, avoid implementing disruptive changes to your current benefit offerings, and give employees another cost-effective option.

Every employee that enrolls in CompleteCare generates immediate premium savings for employers.

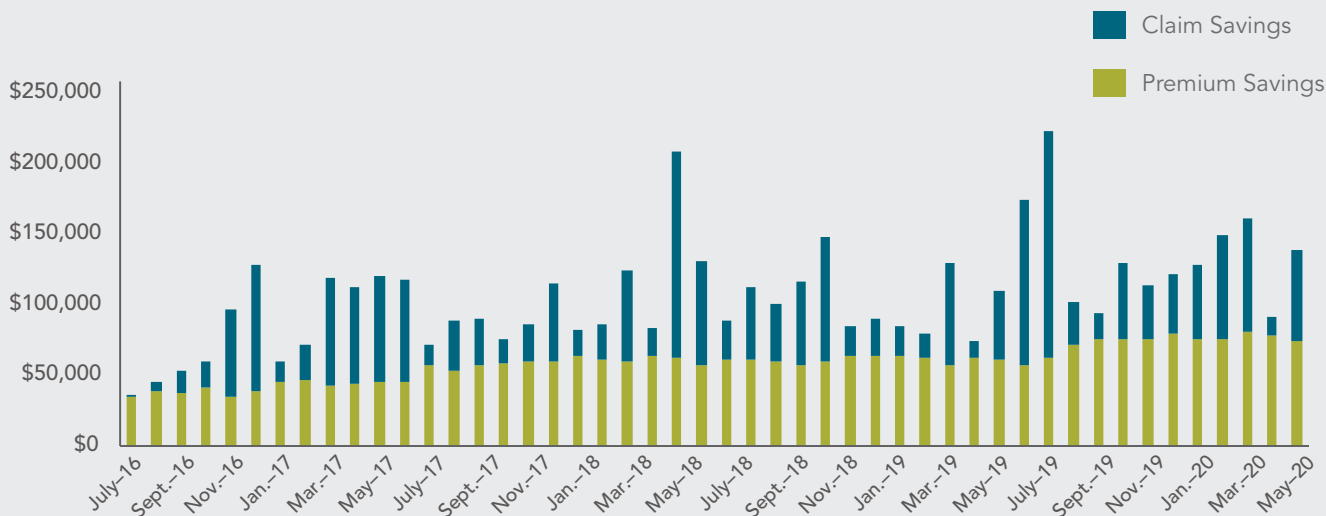
www.onemedical.com/about/One-Medical-Benefits-Release.pdf

Per Employee Premium Cost



Immediate and Continued Savings on Premiums and Claims

While premium savings remain relatively consistent through the year, claim savings rose during periods of increased benefit usage.



Please visit us at www.completecarehra.com

For questions, please contact:

CompleteCare@keenan.com

ABOUT KEENAN

Keenan & Associates is part of the AssuredPartners family of companies, the 12th largest broker in the United States. Keenan's innovative solutions provide high quality, cost-effective insurance, employee benefits, and financial services. We specialize in proprietary programs for public agencies and health care organizations. Our expertise in risk management, claims services, and technology consistently exceeds customer expectations.

What is a Supplemental Employee Retirement Plan (SERP)?

- SERP is a unique plan developed by Keenan exclusively for schools
- SERP's objective is to encourage employees to retire earlier than anticipated
- Works by providing an attractive incentive to employees while taking into consideration the agency's financial ability in funding the plan

How Does SERP Work?

SERP generates cost savings through the differential in salary costs for a retiring employee and a new hire



What are our customers saying?

“

You guys **saved us from Lay-offs!**

Ambur Borth - Assistant Superintendent Business, Menifee USD

”

“

The Keenan SERP process and staff were incredible.
They were there for us every step of the way. It was like they were members of our staff. Yet another reason why I put my trust in Keenan.

Brett W. McFadden - Associate Superintendent District Business Services, Monterey Peninsula USD

”

“

Keenan assisted us at every stage of the process; from educating our Board members and employees on the value of a SERP, and **providing multiple group orientation sessions and individual counseling sessions**, to sharing educational materials for all interested in the program. Our employees found both the Group Orientations and Individual Counseling sessions to be quite informative.”

Irma Ramos - Vice Chancellor of Human Resources, North Orange CCCD

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Call your local Keenan representative for an appointment today!