Staff Terminations in Workday

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Agenda

• Overview of the Termination Process in Workday
• Termination Categories
• Required Documentation
• Severance Agreements and Payments
• Best Practices
• Benefits Implications
• Workday Termination Demo
The **Termination** business process should be initiated in Workday when an employee:

- Resigns
- Retires
- Is being discharged for violation of University policies
- Is part of an involuntary termination (i.e. layoff)
- End of Temporary Assignment
- Passes away

**Employee and Labor Relations must be consulted prior to initiating an involuntary termination.**
Termination Overview

• The *Effective Date* of the termination should reflect the employee’s last working day.

• For bi-weekly employees, the *Pay Through Date* must be equal to the last day of the pay period (all bi-weekly terminations will be sent to Payroll for approval).

• The *Termination Date* will auto-populate the *Last Day Worked* and *Pay Through Date*
  • If a mistake is made and you go back to change the Termination Date, this will change all of the other dates
Termination Overview

- Termination reason will impact whether
  - Request One-Time Payment step is sent to your inbox
  - Employee is eligible for rehire
  - ELR or Benefits is notified

- The termination process will require attaching a document (i.e., resignation letter) when the employee type is staff and scheduled weekly hours are greater than or equal to 20

- Anything atypical should be noted in comments section

- Once submitted, any corrections to termination details or document category should be communicated to HR Operations for correction
Ineligibility for Rehire

Employees terminated for the following reasons will not be considered for future employment at the University or UCMC.

- All involuntary categories as outlined in the policy
- Voluntary > Insufficient Notice

Consult with ELR if you have questions regarding which termination category to use.
# Required Documentation

<table>
<thead>
<tr>
<th>Documentation</th>
<th>Document Category*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resignation Letter</td>
<td>Resignation Letter</td>
</tr>
<tr>
<td>Layoff Letter</td>
<td>Other Confidential</td>
</tr>
<tr>
<td>Termination Letter</td>
<td>Other Confidential</td>
</tr>
<tr>
<td>L743 employee options letter (or employee written notification of option selected)</td>
<td>Other Confidential</td>
</tr>
<tr>
<td>Layoff Justification Form</td>
<td>Layoff Justification Form</td>
</tr>
<tr>
<td><strong>For All Severances</strong></td>
<td></td>
</tr>
<tr>
<td>Severance Agreement with (not required for L743 layoff unless terms differ from L743 CBA)</td>
<td>Severance Agreement</td>
</tr>
<tr>
<td>Older Worker Benefit Protection Act (OWBPA or exhibit A) list (if applicable)</td>
<td>Other Confidential</td>
</tr>
<tr>
<td>Secondary Waiver (if applicable)</td>
<td>Other Confidential</td>
</tr>
</tbody>
</table>

*Categories subject to change, additional categories likely to be added
Required Documentation

- Other Confidential only available as category during Termination BP

- Termination process has a separate To Do step prompting upload of the UC Time accrual forecast for staff employees
  
  - Use comments section to confirm totals on accrual forecast or to override forecast with actual PTO time that should be paid out

  - If L743 retirement, indicate sick bank payout as follows: “Eligible employees will receive a lump-sum amount, determined by multiplying 30% of a maximum of 1,200 hours of their unused accrued sick leave by the employee's basic straight-time hourly rate (not to exceed 360 hours’ pay).”

- Any other documents should be uploaded as attachments on Termination screen
A severance agreement (aka, “separation agreements” or “transition agreements”) is a contract between a departing employee and the University

- Obligates the University to give the employee something of value (“consideration”)
- Obligates the employee to give up the right to sue the University

Severance payments for termination are the exception, not the rule

Severance payments should be “lump sum” rather than “pay through” (formerly “salary continuation” with “inactive” transition period)
Why Do We Use Severance Agreements?

- Risk Mitigation (preventing lawsuits)
- Clean Break
- Dignified Exit
- Avoiding The Unnecessary Expense, Disruption, Distraction Of A Messy Exit
- Compassion
## Severance Agreement vs. Layoff Letter

<table>
<thead>
<tr>
<th>Severance Agreement</th>
<th>Layoff Letter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requires employee signature</td>
<td>Does not require employee signature</td>
</tr>
<tr>
<td>Provides for incentives connected to termination</td>
<td>Standard offering (ie, three months health coverage at employee rate)</td>
</tr>
<tr>
<td>Requires ELR and Office of Legal Counsel involvement/approval</td>
<td>Layoff Justification Form and letter must be reviewed by ELR prior to proceeding with layoff</td>
</tr>
<tr>
<td>Termination in WD may include signed and unsigned version</td>
<td>As no signature required, letter should be uploaded to Workday as soon as termination action commences</td>
</tr>
</tbody>
</table>

Unsigned severance agreement can also be considered the layoff letter/termination letter.
Severance Payments

- Responsibility of the **HR Partner** to submit one-time payments (OTP) in Workday when a lump sum severance pay-out is due to employee
  - A current effective date should be used on the OTP

- The **Request One-Time Payment** sub-process will only be a step in the overall process if the following termination reasons are selected:
  - Involuntary > Layoff (with severance)
  - Involuntary > Severance (non-layoff)
  - Voluntary > Severance

- The **Request One-Time Payment** step can remain in your inbox until agreement is signed

- To allow the termination process to continue, skip the task and initiate an ad-hoc OTP at a later date

*If no lump sum severance payment will be paid, skip this task.*
Termination One-Time Payments (OTP)

• Used for “pay in lieu of notice” payment and severance payment
  • Select an OTP Plan of “Severance Payment” for either
  • “Pay in lieu of” OTP likely to precede severance OTP

• To have the payment processed ASAP, select the “on demand” reason on the one-time payment; otherwise, select severance >> severance
  • No charge for on-demand severance

• The payment (even if “on demand”) will be paid to the employee’s bank account on file
  • Indicate in additional comments and comment section if a hard check is needed in lieu of direct deposit

• If “on demand” is not selected, the payment will be made to the employee on the next pay cycle
Termination One-Time Payments (OTP)

If Pay In Lieu Of Notice OTP:

• Indicate in additional information section that OTP is for pay in lieu of notice

• Two weeks pay for non-exempt (union or non-union), one month pay for exempt

If Severance Payment OTP:

• Initiate severance OTP in Workday after agreement is signed and revocation period has passed

• If Local 743 with CBA terms of severance, upload severance calculation worksheet obtained from ELR
Workday OTP for Severance

Request One-Time Payment

In order to override the FAS Account and/or Sub Account that is currently assigned as the worker's costing allocation, type in the FAS Account in the Worktags field. The FAS Account must be typed in first, followed by the FAS Sub Account.

Please note: if the worker does not have a costing allocation assigned, the Worktag field must be completed.

When a one-time payment needs to be processed as an on-demand payment, please indicate the following in Workday:

a. The One-Time Payment Reason should be selected from the "One-Time Payment > On Demand Payment" category.

b. The "Sent to Payroll" box should be unchecked.

Please indicate the FAS Account that will fund the on-demand payment fee in the 'Additional Information' section if different from the FAS Account that is funding the One-Time Payment.

Effective Date: 10/12/2015
Employee: Payton Manning
One-Time Payment Plan: Severance Payment
## Workday OTP for Severance

### Effective Date
- 10/12/2015

### Employee Visibility Date
- N/A

### Reason
- On Demand Payment > Severance Payment

#### Current Organizational Assignments
- FAS Account: 420002
- FAS Sub Account: 1014
- Location: Hyde Park Campus

#### Payment Details
- **One-Time Payment Plan**: Severance Payment
- **Amount**: $5,000.00
- **Currency**: USD
- **Worktags**: 
- **Send to Payroll**: Yes
- **Additional Information**: Please direct deposit to the bank account on file

#### Supporting Information
- **Gross Up**: 
- **Currency**: USD
- **Frequency**: Hourly
- **Target Amount**: 0.00
- **Target Currency**: USD
- **Recommended Minimum**: 0.00
- **Recommended Maximum**: 0.00

### Attachments
- **File**: Severance Agreement (PManning Severance Agreement Signed Oct 29 2015.docx)

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**Discover**

**workday@uchicago**
Best Practices

• Once Unit determines a need for layoff or termination, consult with ELR immediately and prior to speaking with employee

• Pay out severance as a lump sum as opposed to pay through if severance is deemed necessary

• Don’t negotiate benefits continuation
  • Can include difference in employee vs. COBRA benefits cost as part of the lump sum payment
  • Option to use first of the month as the layoff date to provide almost four full months of benefits continuation

• Initiate termination process ASAP if voluntary

• Initiate termination as soon as employee is notified if involuntary
  • If completed termination needs correcting, contact Workday Knowledge Center (2-4433) or HR Operations staff
Benefits after Termination

• Benefits continue at the employee rate, regardless of termination reason, through the last day of the month in which the employee is terminated

• If a layoff reason is selected, the employee is entitled to receive 3 months of benefits at the employee rate beginning the month following the termination date
  • Local 743 members entitled to a fourth month once severance is elected

• Email benefits@uchicago.edu, copying your ELR consultant, to ensure that the employee receives benefit coverage at the employee rate for the agreed upon duration of time (including three months for layoffs)
Demo
When in doubt, reach out to your colleagues in ELR!
ELR Contacts

- Lab Schools (Faculty)
- IOP
- Office of the Provost
- Office of Secretary of the University
- Office of the President
- Office of Investments

- BSD/UCPG
- Campus and Student Life
- Harris School
- Lab Schools (Staff)
- Press
- SSA

- Alumni Relations and Development
- Booth
- Graham School
- Law School
- Library
- PSD
- Safety & Security
- SSD
- Institute of Molecular Engineering

- Civic Engagement
- College
- Computation Institute
- F&A/Financial Services
- Facilities
- Humanities
- Urban Education Institute

- Arts (Incubator, Court, Smart, Logan, Oriental)
- Divinity School
- Research and National Labs/Other Research
- IT Services
- Enrollment & Student Advancement
Addendum

(added after Oct 11 Information Session)
Ensuring Adhere to State Law

- The Illinois Wage Payment and Collection Act states: “Every employer shall pay the final compensation of separated employees in full, at the time of separation, if possible, but in no case later than the next regularly scheduled payday for such employee.”

- Terminations should be processed and carried out through the Payroll Administrator step in a timely enough fashion to ensure the final wage and time off accrual payment is made in adherence to this law.
  - Although the process will show “successfully completed” prior to the To Do to upload the UC Time forecast, the accruals must be uploaded and the process must reach the Payroll Administrator before we can ensure adherence to the Illinois law.

- The severance payment OTP subprocess will typically need to be skipped to ensure the UC Time forecast To Do and Payroll Admin are able to process final wage and accrual payment.