

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
D.C. Department of Human Resources**

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District Personnel Manual Issuance System

E-DPM Instruction No. 11B-82

SUBJECT: Severance Pay

Date: April 25, 2012

NOTE: This Electronic-District Personnel Manual (E-DPM) Instruction supersedes E-DPM Instruction No. 11B-81, (same title), dated April 18, 2012, for the purpose of correcting the section and effective date referenced in section 1 of the prior instruction.

1. Purpose

The purpose of this Electronic-District Personnel Manual (E-DPM) Instruction is to remove employees serving in the Management Supervisory Service from section 1a – Table – Severance Pay-Eligible Employees.

Section 2(f) of the District of Columbia Government Comprehensive Merit Personnel Amendment Act of 2012, effective March 14, 2012, eliminated Management Supervisory Service employees from being eligible to receive severance pay in accordance with section 1148 of Chapter 11 of the D.C. personnel regulations, Compensation.

2. Severance Pay Definition/Severance Pay Eligible Employees

- a. **SEVERANCE PAY** is pay given to a separated employee as described in the Table below. Severance pay is computed on the basis of an employee's **basic pay, length of creditable service, and age.**

TABLE – SEVERANCE PAY-ELIGIBLE EMPLOYEES:

An Employee Serving in the:	Who Is:
1. Career Service , under a permanent or probational appointment;	→ Involuntarily separated by reduction in force (RIF) under the provisions of Chapter 24 of the D.C. personnel regulations, Reductions In Force.
2. Legal Service (<u>other than</u> in the Senior Executive Attorney Service (SEAS) within the Legal Service); or	→ Involuntarily separated under the RIF provisions of Chapter 24 of the regulations.
3. Excepted Service as an attorney.	→ Involuntarily separated under the RIF provisions of Chapter 24 of the regulations.

Note: E-DPM instructions that are strictly procedural in nature have direct applicability only to agencies and employees under the personnel authority of the Mayor. Other personnel authorities or independent agencies may adopt any or all these procedures or guidance materials for agencies and employees under their respective jurisdictions.

Inquiries: Legal and Compliance Administration, DCHR (202) 442-9700

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- b. A “severance pay eligible employee” who has been employed for a continuous period of at least 12 months prior to the separation is entitled to severance pay upon any of the separation actions described in the Table above.

3. Exclusions

The following employees are not entitled to receive severance pay and, for that reason, are not covered by the provisions of this instruction:

- a. An employee serving under an appointment with a **definite time limitation** (i.e., TAPER, temporary or term), except an employee so appointed for full-time employment without a break in service of 3 calendar days following service under an appointment without time limitation, if the employee has served 1 year;
- b. An employee who, at the time of separation by RIF, is receiving **disability compensation** under the disability compensation program pursuant to D.C. Official Code § 1-623.01 *et seq.*, other than an employee receiving this compensation concurrently with pay or on account of the death of another individual;
- c. An employee who, at the time of separation from service is **entitled to receive other severance pay from the District or federal government**;
- d. **A member of a board or commission** who is compensated under the provisions of D.C. Official Code § 1-611.08, or is compensated on an honorarium, stipend, fee, per diem, or any other paid basis;
- e. An employee in the Career Service or an attorney in the Excepted Service who is **involuntarily separated by removal for cause** in accordance with Chapter 16 of the regulations, General Discipline and Grievances;
- f. An employee in the Legal Service **separated for disciplinary reasons** in accordance with Chapter 36 of the regulations, Legal Service;
- g. An employee who, at the time of separation by RIF, is **offered and declines to accept an equivalent position** (a position of like seniority, tenure, and pay other than a retained rate) in any District government agency, including an agency to which the employee with his or her function is transferred in a transfer of functions between agencies; or
- h. An employee who is **offered and declines an opportunity to transfer** with his or her agency or part thereof when it is transferred to or merged with a District government controlled corporation, when the law effecting the transfer or merger includes provisions to ensure that an employee who transfers will be regarded as continuing in the employ of the District government for purposes of health, life, and retirement benefits.

4. **Resignation in Lieu of Involuntary Separation**

In accordance with **section 1148.15** of Chapter 11 of the regulations, Classification and Compensation, an employee who is separated because of resignation shall be deemed to have been involuntarily separated for purposes of severance pay if:

- a. The employee has not declined an offer of an equivalent position as specified in Paragraph 3 (h) or (j) above; or
- b. As applicable, when the employee resigns after receiving a specific written notice from the employing agency that the employee is to be involuntarily separated.

5. **Maximum Amount of Severance Pay**

Severance pay cannot exceed 26 weeks' pay at the rate of pay that the employee received immediately before separation, and **total severance pay** is limited to **26 calendar weeks during the total years of service in the District government**, except that severance pay totaling 26 weeks or less received prior to October 21, 1998 will not be counted for this purpose.

6. **Computation of Severance Pay**

- a. Severance pay consists of:
 - (1) A basic severance allowance computed on the basis of 1 week's basic pay at the rate received by the employee immediately before involuntary separation for each year of creditable service up to and including 10 years of which severance pay has not been received under any District government authority; and 2 weeks' basic pay at that rate for each year of creditable service beyond 10 years for which severance pay has not been received under any District government authority;
 - (2) In cases of separation by RIF only, additional service credit for employees who qualify for veterans preference and District residency preference in accordance with Chapter 24 of the regulations; and
 - (3) An age adjustment allowance computed on the basis of 10% of the total basic severance allowance for each year by which the age of the recipient exceeds 40 years at the time of separation.
- b. In computing an employee's total years of age over 40 for the age adjustment allowance, credit is to be given at the rate of 25% of a year for each 3 months that the employee's age exceeds 40.
- c. If at the time of separation an employee is receiving a **retained rate**, that rate is his or her basic pay for purposes of computing severance pay.

d. *D.C. Standard Form (DCSF) 11B-02, Severance Pay Worksheet (and Service and Age Factor Tables)*, must be used by D.C. Department of Human Resources (DCHR) staff to compute the severance pay payable to an employee who is entitled to severance pay.

e. **Recording Severance Pay on Personnel Actions**

The following information is to be included in the “*Remarks*” section of the personnel action (Form 50) for each employee who is entitled to severance pay:

- (1) The total amount of the severance pay payable;
- (2) The amount of the weekly pay;
- (3) The number of weeks it will require to exhaust the severance pay payable; and
- (4) The date payment begins.

f. **Examples of Severance Pay Payable Computations**

Example 1 – Career Service Employee Involuntarily Separated by RIF

John Doe, a Career Service employee 47 years, 3 months and 16 days of age, is to be **separated by RIF** on February 24, 2012 after 22 years, 7 months, and 9 days of creditable service. Mr. Doe has no military service, does not qualify for veterans preference or residency preference credits, and has never before received severance pay. Mr. Doe’s salary is \$70,259 (CS-12 step 5, non-union).

Computation of Mr. Doe’s severance pay payable using the *Service and Age Factor Tables* (see *DCSF 11B-02* attached):

1 week’s basic pay	\$1351.13
× service factor for 22 years, 7 months of service	× <u>35.00</u>
Severance allowance based on service	\$47,289.55
× factor for 47 years, 3 months of age.....	× <u>1.725</u>
Severance allowance based on age and service	\$81,574.47
26 weeks’ severance pay limitation (1 week’s basic pay × 26).....	= \$35,129.38
Severance Pay Payable	\$35,129.38
÷ 1 week’s basic pay	÷ \$1351.13
Number of weeks of severance pay	= 26

Remark to be placed on the personnel action to document severance pay:

The following statement is to be included in the “*Remarks*” section of John Doe’s personnel action (Form 50):

“Employee entitled to \$35,129.38 severance pay to be paid at a rate of \$1,351.13 per week for 26 weeks beginning on February 26, 2012.”

Example 2 – Separation of Legal Service Employee

Employee Jane Doe, a Legal Service employee with 5 years, 4 months of creditable service whose date of birth is June 25, 1968, and whose annual salary is \$81,039 (LS-13, step 2, non-union) is to be terminated effective April 20, 2012. Using the *Service Factor and Age Factor Tables* (see *DCSF 11B-02* attached), the employee's severance allowance based on age and service and the employee's severance pay payable are computed as follows:

1 week's basic pay	\$1558.40
× service factor for 17 years, 3 months of service	× <u>5.25</u>
Severance allowance based on service.....	\$8,181.60
× age factor (Employee is 43 years, 9 months of age)	× <u>1.375</u>
Severance allowance based on age and service	\$11,249.70
26 weeks' severance pay limitation (1 week's basic pay×26).....	= \$40,518.40
Severance Pay Payable.....	\$11,249.70
÷ 1 week's basic pay.....	÷ \$1558.40
Number of weeks of severance pay	= 7.2

Remark to be placed on the personnel action to document severance pay:

The following statement is to be included in the "Remarks" section of Jane Doe's personnel action (Form 50):

"Employee entitled to \$11,249.70 severance pay to be paid at a rate of \$1558.40 per week for 7 weeks beginning April 22, 2012 (with a balance of \$340.90 to be paid on the final check)."

7. Computing Creditable Service

- a. In computing an employee's creditable service for severance pay purposes, all service that is creditable for purposes of the employee's retirement system is included, except that military service is not to be counted unless it interrupts otherwise creditable civilian service.
- b. **In cases of separation by RIF only**, additional service credit is to be provided as follows:
 - (1) Four (4) years of service credit for an employee who qualifies for veterans preference under Chapter 24 of the regulations, Reductions In Force; and
 - (2) Three (3) years of service credit for an employee who qualifies for residency preference under Chapter 24 of the regulations, Reductions In Force.
- c. In computing an employee's total years of creditable civilian service, 25% of a year is to be credited for each 3 months of service that his or her age exceeds 1 full year or more.

d. Example of Creditable Service Computation

Joe Smith, a Career Service employee with a service computation date of January 28, 1990 is involuntarily **separated by RIF** on March 30, 2012. Mr. Smith served in the military service on active duty for 4 years prior to entering civilian service. The employee qualifies for the additional service credits for residency preference and veterans preference. Mr. Smith’s creditable service for severance pay is computed as follows:

Date of Separation.....	2012-03-30
Service Computation Date.....	- <u>1990-01-28</u>
Total Service for Leave Accrual Purpose.....	22-02-02
Deduct Non-Creditable Military Service.....	- <u>04-00-00</u>
	18-02-02
Add Additional Service Credits (RIF Only):	
Residency Preference.....	+ 03-00-00
Veterans Preference	+ <u>04-00-00</u>
	25-02-02

Creditable Service for Severance Pay: 25 years, 2 months, and 2 days

8. Payment of Severance Pay

a. General Provisions

- (1) On an employee’s separation, the agency is to pay the employee the severance pay payable at the same pay period intervals as if still employed until the severance pay payable is exhausted.
- (2) If the employee dies before the severance pay fund is exhausted, the remaining severance pay will be paid in a lump sum to the survivor of the employee, in accordance with section 1150 (Payment of Money Due – Settlement of Accounts (Deceased Employees)), of Chapter 11 of the regulations, Classification and Compensation.
- (3) Severance pay payments are subject to deduction only for federal and District of Columbia or State income taxes and, if applicable, FICA tax (social security).
- (4) Severance pay payments cease when an employee is appointed to a full- or part-time permanent position in the District government. An employee may accept 1 or more temporary limited appointments while receiving severance pay without losing his or her entitlement to severance pay; however, severance pay payments will be suspended during the period of the temporary appointment(s).

b. Restrictions

- (1) If a separated employee is reemployed by the District government before the end of the period covered by payments of severance pay, the payments are to be discontinued beginning with the date of reemployment. The service represented by the unused portion of the period is to be re-credited to the employee for use in any later computations of severance pay.
- (2) Severance pay is not a basis for payment of any other type of District or federal government benefits, and may not be included in the basis for computation of such benefits. A period covered by severance pay is not a period of District government service or employment.

9. Responsibilities

a. D.C. Department of Human Resources

- (1) Appropriate staff within the DCHR will determine employees' entitlement to severance pay and compute the severance pay payable by completing the **Severance Pay Worksheet** (see *DCSF 11B-02* attached). The Severance Pay Worksheet is to be completed by typing or printing (in ink) the required information. The original copy of the worksheet, signed and dated, is to be placed on the right side of the employee's Official Personnel Folder (OPF) and a copy forwarded to the Office of Pay and Retirement Services (OPRS) within the Office of the Chief Financial Officer, along with the personnel action separating the employee.
- (2) Appropriate staff within the DCHR will process and complete the personnel action separating the employee.

b. Office of Pay and Retirement Services

Appropriate staff within the OPRS will verify (and re-compute if necessary) the service credit and severance pay payable, and execute the severance pay payments to the affected employee.

10. Definitions

Basic pay – the rate of pay fixed by law or administrative action for the position held by an employee at the time of separation, excluding other additional pay.

Creditable service – all service in the employ of the District or federal government that is creditable for purposes of the employee's retirement.

Equivalent position – a position of like seniority, tenure, and pay other than a retained rate.

Severance pay fund – the total severance pay to which an employee is entitled.

11. References

- *Section 1148 (Severance Pay) of Chapter 11 of the regulations, Classification and Compensation;*
- *Chapter 24 of the regulations, Reductions In Force; and*
- *Chapter 36 of the regulations, Legal Service.*



Shawn Y. Stokes
Director

Attachment:

- *D.C. Standard Form 11B-02, Severance Pay Worksheet and Service and Age Factor Tables*

SECTION III – SEVERANCE PAY COMPUTATION:

1. Creditable Service for Severance Pay:
 (Years) _____ (Months) _____ = (Service Factor*) _____
2. Age: (Years) _____ (Months) _____ = (Age Factor*) _____
3. One week's basic pay at the time of separation: \$ _____
4. × Service factor for creditable service: × _____
5. Severance allowance based on service: = \$ _____
6. × Age factor (1.0 if under age 40 years and 3 months): × _____
7. Severance allowance based on age and service: = \$ _____
8. 26 weeks' severance pay limitation (1 week's basic pay × 26): = \$ _____
9. Severance Pay Payable (line 7 or 8 above, whichever is less): \$ _____
10. ÷ One week's basic pay: ÷ _____
11. = Number of weeks of severance pay: = _____

[Complete lines 12 through 15 only if the employee has previously received severance pay as a result of a separation action that occurred after October 21, 1998.]

12. - Number of weeks of severance pay previously received after October 21, 1998, if any (Dates of previous separations: _____).... - _____
 (Subtract line 12 from line 11)
13. = Number of weeks of current severance pay entitlement:..... = _____
14. × One week's basic pay:..... × \$ _____
15. = Current Entitlement:..... = \$ _____

*Refer to the *Service Factor Table* and *Age Factor Table* for Applicable Factor(s).

SECTION IV – SEVERANCE PAY ENTITLEMENT:

This statement is to be completed and typed in the "Remarks" Section on the Personnel Action (Form 50):

"Employee entitled to \$ _____ severance pay to be paid at a rate of \$ _____ per week for _____ weeks beginning on _____ (with a balance of \$ _____ to be paid on the final check)."

SECTION V – CERTIFICATION (DCHR):

Computed By:

Name – Print	Signature	Date
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Reviewed & Approved By:

Name – Print	Signature	Date
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Severance Pay Computation – *Service and Age Factor Tables*

Use these tables in computing the severance pay payable. To obtain the severance pay allowance based on age and service, multiply the weekly pay rate by the service factor from the service factor table; then multiply the product by the age factor from the age factor table. Regardless of the total severance pay allowance derived through the use of these tables, total severance pay may not exceed 26 weeks of pay at the rate received immediately before separation.

Service Factor Table

Years	Months	Factor	Years	Months	Factor	Years	Months	Factor
1	0-2	1.00	9	3-5	9.25	17	6-8	25.00
1	3-5	1.25	9	6-8	9.50	17	9-11	25.50
1	6-8	1.50	9	9-11	9.75	18	0-2	26.00
1	9-11	1.75	10	0-2	10.00	18	3-5	26.50
2	0-2	2.00	10	3-5	10.50	18	6-8	27.00
2	3-5	2.25	10	6-8	11.00	18	9-11	27.50
2	6-8	2.50	10	9-11	11.50	19	0-2	28.00
2	9-11	2.75	11	0-2	12.00	19	3-5	28.50
3	0-2	3.00	11	3-5	12.50	19	6-8	29.00
3	3-5	3.25	11	6-8	13.00	19	9-11	29.50
3	6-8	3.50	11	9-11	13.50	20	0-2	30.00
3	9-11	3.75	12	0-2	14.00	20	3-5	30.50
4	0-2	4.00	12	3-5	14.50	20	6-8	31.00
4	3-5	4.25	12	6-8	15.00	20	9-11	31.50
4	6-8	4.50	12	9-11	15.50	21	0-2	32.00
4	9-11	4.75	13	0-2	16.00	21	3-5	32.50
5	0-2	5.00	13	3-5	16.50	21	6-8	33.00
5	3-5	5.25	13	6-8	17.00	21	9-11	33.50
5	6-8	5.50	13	9-11	17.50	22	0-2	34.00
5	9-11	5.75	14	0-2	18.00	22	3-5	34.50
6	0-2	6.00	14	3-5	18.50	22	6-8	35.00
6	3-5	6.25	14	6-8	19.00	22	9-11	35.50
6	6-8	6.50	14	9-11	19.50	23	0-2	36.00
6	9-11	6.75	15	0-2	20.00	23	3-5	36.50
7	0-2	7.00	15	3-5	20.50	23	6-8	37.00
7	3-5	7.25	15	6-8	21.00	23	9-11	37.50
7	6-8	7.50	15	9-11	21.50	24	0-2	38.00
7	9-11	7.75	16	0-2	22.00	24	3-5	38.50
8	0-2	8.00	16	3-5	22.50	24	6-8	39.00
8	3-5	8.25	16	6-8	23.00	24	9-11	39.50
8	6-8	8.50	16	9-11	23.50	25 years of service or more – employee is eligible for discontinued service retirement and severance pay		
8	9-11	8.75	17	0-2	24.00			
9	0-2	9.00	17	3-5	24.50			

Age Factor Table

(For any age less than those in the table, *i.e.*, less than 40 years and 3 months, the age factor is 1.0.)

Years	Months	Factor	Years	Months	Factor	Years	Months	Factor
40	3-5	1.025	49	0-2	1.900	57	9-11	2.775
40	6-8	1.050	49	3-5	1.925	58	0-2	2.800
40	9-11	1.075	49	6-8	1.950	58	3-5	2.825
41	0-2	1.100	49	9-11	1.975	58	6-8	2.850
41	3-5	1.125	50	0-2	2.000	58	9-11	2.875
41	6-8	1.150	50	3-5	2.025	59	0-2	2.900
41	9-11	1.175	50	6-8	2.050	59	3-5	2.925
42	0-2	1.200	50	9-11	2.075	59	6-8	2.950
42	3-5	1.225	51	0-2	2.100	59	9-11	2.975
42	6-8	1.250	51	3-5	2.125	60	0-2	3.000
42	9-11	1.275	51	6-8	2.150	60	3-5	3.025
43	0-2	1.300	51	9-11	2.175	60	6-8	3.050
43	3-5	1.325	52	0-2	2.200	60	9-11	3.075
43	6-8	1.350	52	3-5	2.225	61	0-2	3.100
43	9-11	1.375	52	6-8	2.250	61	3-5	3.125
44	0-2	1.400	52	9-11	2.275	61	6-8	3.150
44	3-5	1.425	53	0-2	2.300	61	9-11	3.175
44	6-8	1.450	53	3-5	2.325	62	0-2	3.200
44	9-11	1.475	53	6-8	2.350	62	3-5	3.225
45	0-2	1.500	53	9-11	2.375	62	6-8	3.250
45	3-5	1.525	54	0-2	2.400	62	9-11	3.275
45	6-8	1.550	54	3-5	2.425	63	0-2	3.300
45	9-11	1.575	54	6-8	2.450	63	3-5	3.325
46	0-2	1.600	54	9-11	2.475	63	6-8	3.350
46	3-5	1.625	55	0-2	2.500	63	9-11	3.375
46	6-8	1.650	55	3-5	2.525	64	0-2	3.400
46	9-11	1.675	55	6-8	2.550	64	3-5	3.425
47	0-2	1.700	55	9-11	2.575	64	6-8	3.450
47	3-5	1.725	56	0-2	2.600	64	9-11	3.475
47	6-8	1.750	56	3-5	2.625	65	0-2	3.500
47	9-11	1.775	56	6-8	2.650	65	3-5	3.525
48	0-2	1.800	56	9-11	2.675	65	6-8	3.550
48	3-5	1.825	57	0-2	2.700	65	9-11	3.575
48	6-8	1.850	57	3-5	2.725	66	0-2	3.600
48	9-11	1.875	57	6-8	2.750	<i>etc.</i>		