

**MARKLUND
HUMAN RESOURCES POLICY & PROCEDURE**

POLICY NO. 3.8.3

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SUBJECT: LAY OFF/PAY AND BENEFIT CONTINUATION

DEPARTMENTS AFFECTED: ALL

APPROVED BY: TBW

ISSUE DATE: 8-27-93 REV: 11-09-94, 2-6-97, 3-20-97, 6-19-97 EFF. DATE: 11-28-94

PURPOSE:

Marklund places a high value on its employees, and the contributions they make to the organization's success. It is our desire to provide a challenging, stable work environment for employees, while at the same time increasing efficiency, and improving quality and service to customers and clients.

In a rapidly changing environment, we recognize that there may be times when a work force reduction may be necessary due to declining census, declining work volume, or other financial constraints; or positions may need to be restructured or eliminated. While our first priority will be to eliminate positions through attrition, and to retain displaced employees to fill open positions, this may not be possible in every case. There may be a need to layoff some employees.

PROCEDURE:

Any temporary employees or employees in their probationary (introductory) period will be the first to be released unless there is an important operational reason to retain them.

The primary criterion for determining which jobs will be eliminated is job function. In cases where a decision may need to be made as to which employees in a certain job category within a department or unit will be reassigned or laid off, the following criteria will be used:

- a. Overall Performance: this includes but is not limited to: most recent documented performance appraisal.
- b. An employee's current daily performance.
- c. Skill level for another position within Marklund, not necessarily in a function similar to the one they are currently in.
- d. Where jobs are being consolidated and/or substantially changed, qualification and skills required to perform the new job.

Marklund's goal is to place the most qualified individuals into positions within the organization. In the event that a displaced employee has displayed skills that would qualify them for another position that is currently filled, the more qualified individual will be placed in that position and efforts will be made to place the employee that is now displaced.

For the purpose of this policy, a department unit is defined as the employee's home cost center to which his/her hours worked are charged. Management reserves the right to combine certain department/units and/or job classifications where such a consolidation makes business sense due to the similar function of department/units or positions.

Any employee who is laid off is eligible to be re-employed if the employee was meeting standards on his/her previous job and is qualified for the vacant position. If re-employed with Marklund while collecting pay continuation, payments will cease on the date the employee returns to work. Employees who are rehired within one year from the date of layoff will have any prior service credited. In the case of pension, any service bridging will be determined by the terms of the pension plan in effect in the member organization.

An employee who is laid off must maintain a satisfactory level of job performance and work through the termination date established by the employer. If an employee elects to leave prior to the termination date, it will be treated as a voluntary resignation of employment and pay continuation does not apply. If an employee fails to meet job standards, appropriate developmental/disciplinary action will take place up to/and including discharge in which case pay continuation would not apply.

Although, every attempt is made to gather all information from the employee before they leave Marklund, during the time of pay continuation, there may rise an occasion to obtain some Marklund related information from the laid off employee that would be important on our daily operation. It is expected that the individual will give their cooperation and release that information to Marklund. Refusal to cooperate may result in terminating the pay continuation agreement.

OFFER OF COMPARABLE POSITION:

Every effort will be made to offer displaced employees, with a good work record, a job that is comparable to their previous position. A **comparable position** is defined as one that (a) would pay at least 85% of an hourly or salaried employee's current base rate of pay, and (b) would maintain the employee's current full-time or part-time status, but not necessarily maintain the equivalent number of hours (if part-time) or be on the same shift. A full-time employee who voluntarily chooses to accept a part-time position is not eligible for pay continuation. The position would have essentially the same level of tasks, duties and responsibilities requiring similar knowledge, skills and abilities, but could be anywhere within Marklund, be in a different department or unit, and/or have a different job title.

An employee will have 7 calendar days from date of offer in which to decide whether to accept a comparable position. Refusal of a comparable position will be considered a voluntary resignation of employment and pay continuation does not apply.

CONTINUATION OF PAY AND BENEFITS:

Employees who are laid off will be eligible for the continuation of pay and benefits as follows:

Service and Method of Payment

A year of service is rounded to the nearest whole number. Employment of 4 years and 6 months or more would be rounded up to 5 years, while employment of 4 years and less than 6 months would be rounded down to 4 years of service.

Checks will be issued bi-weekly, and are subject to State and Federal taxes, FICA and any employee authorized deductions such as health/dental insurance premiums. The gross amounts are calculated on the employee's base hourly pay plus applicable shift differential. Part-time employee's pay continuation will be calculated on a base pay times scheduled hour, plus applicable shift differential. See attached table for schedule of pay continuation.

Benefits

Health and dental benefits will continue at the employee rate for the same period as the employee received pay continuation and will remain in force through the end of the month in which the pay continuation payments cease. After that, the employee may purchase health and dental insurance under the COBRA provision. (The timetable for COBRA benefits begins with the last day worked). All other benefits will terminate on the last day worked with the exception of Tuition Reimbursement. If an employee is already enrolled in an approved course(s) at the time of separation, the employee will be reimbursed upon satisfactory completion.

Tax Deferred Annuities

Tax Deferred Annuity representatives will be available to meet with employees regarding withdrawal or continuation of TDA accounts.

This policy is in effect from November 28, 1994 until further notice. Marklund reserve the right to amend, modify or terminate this policy or any part of it at any time. Nothing in this policy creates a contract of employment.

PAY CONTINUATION ENTITLEMENT

YEARS OF SERVICE	WEEKS OF PAY CONTINUATION
1	2
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12+	12

Layoff/Pay and Benefit Continuation Policy applies to Marklund Management staff with the following modifications:

Generally, a management staff member whose position is eliminated will be the only individual in that specific job function. When possible, management will be reassigned based on the following criteria:

- a. Current and past performance as documented in annual performance appraisal;
- b. Transferability of skills to other available management positions;
- c. Prior management experience;
- d. Length of service within Marklund.

It is commonly acknowledged that in today's economic environment, middle management jobs are more difficult to secure. For this reason, Marklund is providing an extended period of salary and benefit continuation to management staff members laid off, as indicated below:

Years of Service	Weeks of Pay Continuation
1	2
2	4
3	6
4	8
5	10
6	12
7	14
8	16
9	18
10	20
11	22
12+	24