



Palo Alto **Veterans** Institute for Research

Driving Veterans Health Innovation



Veterans Medical Research Foundation

Honoring Service with Science®

**The Employee Life Cycle
NAVREF Conference
September 16, 2019**

Mike Hindery Bio

- Michael Hindery joined PAVIR as CEO in February 2018 with extensive experience in executive management roles in academic medical centers and universities. Mike has served as the senior executive in charge of finance and administration for the University of Pennsylvania, Stanford University and the University of California – San Francisco (UCSF) Schools of Medicine and Santa Clara University; in these roles he oversaw budget and finance, research administration, compliance, personnel, investments, facilities and capital budgets, real estate acquisition and management, IT, student services, housing, dining, risk management, resource planning, and strategic and institutional planning.
- Mr. Hindery has served as a member of many boards of private companies, financial institutions, and community service organizations and has been an active community volunteer for decades. Mike holds masters' degrees from both the University of Pennsylvania and the University of Washington and a bachelor's degree from Santa Clara University. He is a former elite athlete who competed at the national and international levels in rowing and was a member of the U.S. National Rowing Team.
- <https://www.linkedin.com/in/michaelhindery/>



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Maria Sittmann Bio

Maria Sittmann serves as the Executive Director/Chief Executive Officer (ED/CEO) at the Veterans Medical Research Foundation (VMRF) in San Diego, CA. She joined VMRF in 2004.

Ms. Sittmann has an accomplished career as a business leader, university faculty, board member, executive, and consultant at for-profit and not-for-profit organizations, academic and educational institutions, and also for the Department of Defense.

She has developed and implemented strategic plans that improved operational efficiency and aligned the corporate vision and mission, policies and practices with organizational objectives and corporate culture.

Ms. Sittmann has presented at several national conferences and events on many topics such as executive leadership and development, strategic planning, and corporate cultures that deliver successful results.

Ms. Sittmann has a well-balanced and diverse executive business background and expertise. She possesses an M.B.A and a B.S. in Business Administration.

Her dedicated commitment to veterans and research and all who devote their time and effort in collaboration to this noble cause is perfectly aligned to honor our nation's veterans' service with science.

msittmann@vmrf.org



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PAVIR

Palo Alto Veterans Institute for Research

- PAVIR's Mission: Advancing Veteran and public health through innovative research
- PAVIR's role is to support VA research and education by facilitating VAPAHCS's extramural research and education activities
 - Contracts and Grants: Comprehensive grants management support including proposal submission, account management, reporting and financial analysis
 - HR: Recruitment and staffing, compensation, performance management and annual performance reviews, payroll and benefits
 - Purchasing: Online ordering system with all major vendors
 - Accounting: Process check requests, reimbursements and payments to vendors as well as deposits from sponsors and all general ledger activities



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PAVIR FUN FACTS

PAVIR is the second largest of 82 active VA affiliated not-for-profits

PAVIR supports 86 Principal Investigators with sponsored projects

DID YOU KNOW?

PAVIR has 176 research employees & 34 administrative employees

PAVIR was established in November 1988 (“PAIRE” at that time)



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VMRF

VETERANS MEDICAL RESEARCH FOUNDATION

VMRF's MISSION

The Veterans Medical Research Foundation's mission is to enhance the health of veterans of all generations through research and education by providing healthcare specifically focused on their most pressing concerns.

VMRF's VISION

Our vision is that every Veteran will receive the finest research-based care.



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Fun Facts about VMRF

VMRF was established in 1989 as a 501 (c) (3) nonprofit organization.

In 2015, VMRF was incorporated as a Multi-Site NPC to include VA Southern Nevada (VASNHS).

VMRF Supports over 90 PIs in the administration of about 170 different studies.

VMRF has 100 research employees & 25 administrative employees.

VMRF is the third largest of over 80 active medical research foundations.

VMRF is first among the NPCs for new CRADAs in Fiscal 2018.



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So you want to learn about an EE's life cycle...

Where to begin?

KEY: Why do you open your doors everyday!

Start with you organization's mission, vision, objectives, and culture

THEN: Which potential employee will best fit organization's need.

NOW, the employee's life cycle begins,

FOLLOW US to be a HERO.....



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Employee Life Cycle.....

You can't spell "HERO"
without "HR."



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user card



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Learning Objectives

- Overview of Effective Human Resources Management.
- Highlight the key components of the Employee Life Cycle.
- Highlight what an organization should (ideally) have in place for employment purposes.
- Highlight the policies and practices.



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Effective Human Resources Management

- Employer based model
- Professional Employer Organization (PEO)
- Recruitment and Selection
- Compensation and Benefits Management
- Immigration
- Leaves of Absences
- Employee Changes
- Employee Relations
- Performance Management
- Payroll
- Timekeeping
- Employee Discipline and Separations
- VAHS appointments
- Intergovernmental Personnel Agreements (IPA)
- University Personnel Agreements (UPA)



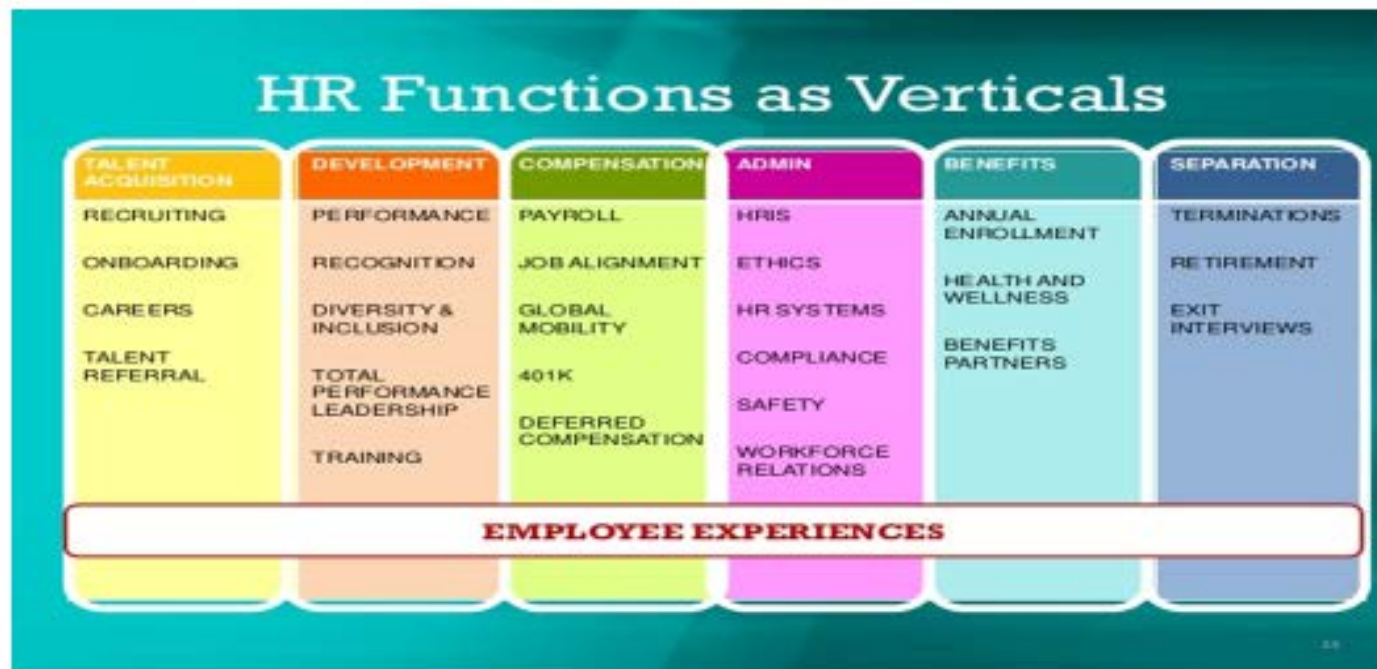
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Simply speaking .. HR Functions...



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So you think it is fun....

It's all fun and games
until someone calls
HR.



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Important Factors at All Stages of the Employee Life Cycle

- **Federal Labor Laws**
- **State Labor Laws**
- **Local Ordinance Regulations**
- **Company Policies and Practices**
- **Local VAHS Regulations**
- **Federal Funding Agency Regulations e.g. NIH, DoD**



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Where does it say....



53



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Onboarding Stages

1. Pre-Hire
2. Orientation
3. Follow-Up
4. Manager meetings
5. Performance Reviews



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Pre-Hire – What should your organization have in place?

- **Policies and Procedures**
 - Compliance with applicable laws and regulations
- **Affirmative Action (if applicable)**
- **Employer Compliance Reporting**
- **Employee Handbook**
- **Compensation**
 - Executive Compensation



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Recruitment



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Recruitment

- The main priority is to select candidates who possess the qualifications to perform the duties of the position most effectively
- Project budgets, organizational culture and philosophy are also considered when filling vacancies or expanding staff requirements



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Pre-Hire

- Clear, realistic job expectations:
 - Environment
 - Scope of work
 - Schedules
- Clear, thorough, and timely communications



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Recruitment – Job Descriptions

- No specific law requiring job descriptions.
- Clearly set forth job duties and expectations.
- Basis for job evaluations and addressing performance concerns.
- Job description contents:
 - Title
 - Summary
 - Essential Job Functions
 - Job Requirements – Education, Experience, License
 - FLSA classification, Workers Compensation Code, Supervisor



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Recruitment – Job Classifications and Pay

- Establish benchmark standards for title or group
 - Research Associate series
- Conduct external research to establish pay ranges:
 - AIRI – Association of Independent Research Institutes
 - ERI - Economic Research Institute
 - Local AAI – Affiliated Academic Institution
- Must factor:
 - Industry
 - Geographic Region
 - Organization size – revenue, size



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Recruitment – Procedure Overview

- Principal Investigators (PIs) submit a Personnel Requisition form to HR.
 - Details scope of work, work environment, funding sources, work schedule etc.
- HR identifies job classification and pay range identified.
- Personnel Requisition routed for funding approval.
- Job posting created, job posting sources identified, and the position is posted.



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Recruitment – Procedure Overview

- Applicants screened by HR
 - Meet minimum qualifications, within salary range, **other** HR considerations
- Qualified applicants forwarded to PI, PI identifies applicants to screen further (phone screen, interview), interviews coordinated by HR.
- Applicant identified, Education and Employment verified, HR extends **contingent** offer of employment, Offer accepted.
- Candidate scheduled for New Hire Orientation and Benefits Orientation if applicable .



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Good Recruitment Practices

- Documented steps along the way.
 - PI approvals for hiring decisions
- Consistent Interview process.
- Ask appropriate interview questions.
 - Consider federal, state and local discrimination laws, to understand which questions can or cannot legally be asked during an interview or on a job application.
- Take objective notes that evaluate criteria necessary to perform the job.



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Recruitment – VASDHS Requirements

- Once a verbal contingent employment offer is accepted the applicant may start the VAHS appointment process.
 - Affiliate – Administrative
 - WOC – Research staff
- The applicant starts employment but does not engage in research activity until WOC is approved.



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DISCLAIMER

REMINDER.....

***I AM NOT AN IMMIGRATION EXPERT,
PLEASE SEEK LEGAL COUNSEL 😊***



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Recruitment - Hiring Non-Citizens

Classifications:

- Permanent Resident
- J-1 Research Scholar
- H-1B Specialty Occupation
- F-1 Student in OPT status



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J-1 Research Scholar

- Institutional Affiliation with Local AAI that allows for the AAI International Center to sponsor VMRF J-1 Research Scholar appointments.
- DS-2019 with NPC as Sponsoring/Funding Agency.
- Typically for Research Associate, Postdoctoral Fellow, and Research Scientist positions.
- Maximum of 5 years.
- J-1 Scholar may be subject to 2-year residency requirement.
- Currently, a \$425 processing fee to PI .



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H-1B Specialty Occupation

- Employer petitions to USCIS for an Individual in a Specialty Occupation.
- Engage an Immigration Attorney.
- Typically, Research Associate III, IV, V, Postdoctoral Fellow, Research Scientist or other specialist occupation positions.
- Maximum of 6 years
 - First petition for 3 years
 - Extend for another 3 years
- Fees range from \$2,370 to \$3,595
 - USCIS processing fees, Attorney fees, Premium Processing
- Offer return flight to home country if employment ends involuntarily prior to visa end date.



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H-1B Specialty Occupation

VMRF Responsibilities:

- Position must require at least a Bachelor's degree.
- Degree requirement is common to the job or industry.
- Employer normally requires a degree for the position.
- Nature of duties is specialized and complex.
- Meets DOL Prevailing Wage Requirements for position category.

H-1B candidate Responsibilities:

- Have at least a Bachelor's degree.
- Have foreign degree equivalent to a Bachelor's degree.



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F-1 Student - Optional Practical Training (OPT)

- Provides a practical training experience that relates to study.
- 12 months temporary employment.
 - 24 months under STEM OPT extension
- Student must be eligible to work.
- Designated School Official recommends and authorizes OPT.
- Endorsed Form I-20.



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Non-Citizens and **VASDHS** Appointments

Employee Status	VASD appointment	Additional Requirements for VASD appointment
J-1	WOC	Employee must present SEVIS screen print out that shows the VASD as a site of activity.
F-1	WOC	Employee must present copy of EAD and form I-20 reflecting OPT employment authorization and the VASD as a site of activity.
H-1B	WOC (2018 to date)	VMRF includes the VASD as a site of activity on the H-1B petition, VMRF and VASD post H-1B notices at work locations, VMRF submits copy of Form I-129 (relevant pages only) to VASD that reflects VASD as a site of activity.
Permanent Resident	WOC	VASD requires a supporting letter from VMRF with specific VASD language. For VMRF to state such language the employee must apply for a WOC appointment.



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Doing the impossible

I'm a Human
Resources
Professional...
not a miracle worker.

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Pre-Hire - What should your NPC have in place?



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Pre-Hire - What should your NPC have in place? (continued)



Benefits

- Define Program & Offerings
- Identify Health Benefit Broker/Advisor
- Identify & Engage Plan Providers
- Establish Retirement Plan and /or Profit Sharing



Insurance

- Officers & Directors
- Workers Compensation
- Other



Compensation

- Salary Benchmark Data
- Pay Bands
- Executive Compensation

The Employee Life Cycle - Onboarding

- Introduction and integration of employee to organization.
- Creating a vision of the organization and setting expectations.
- Employee forms opinion of workforce.
- Unsuccessful Onboarding may affect employee retention
 - SHRM 69% of EEs are likely to stay if they experienced great onboarding.



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Orientation

- New Hire Paperwork
 - Policy acknowledgements
- Team Introductions
- Established Work Place
 - Assigned desk or laboratory space
 - Business email and phone
 - Necessary Equipment



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The First Few Months

Establish a schedule for employee check-ins:

- One month
- Three months
- Six months
- Formal – include HR



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Performance Reviews

- Measure individual performance.
- Foster professional development and career growth.
- Aid in determining merit increases.
- Provides a forum for discussion of problems, solutions, training, or educational opportunities.
- Address plan for future development.
- Use a standard, objective performance review form.



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Development

- Process to enhance skills to acquire new knowledge and skill.
- On the Job Training
 - Standard Operating Procedures
 - Learn as things come up
- Professional Training
 - External education
 - Reimbursements charged to PI projects
- VAHS Training Requirements



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Show me the \$\$\$\$\$\$\$



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Executive Compensation

- Private Inurement/Private Benefit concepts
- IRS Intermediate Sanctions
 - Why this is important
- “Rebuttable Presumption” procedure
 - How to ensure compliance



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A Change in Approach – Why?

1992-1996

- Perception by IRS and Congress that nonprofits were getting away with abuses of their tax-exempt recognition.
- Traditional approach punished the organization and its beneficiaries for the bad acts of individuals.
- Individuals were not held properly accountable for their bad acts.



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Private Inurement

- An exempt organization must be operated exclusively for charitable purposes and no part of the organization's assets may inure to the benefit of any individual.



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Intermediate Sanctions

- The penalties imposed under IRS Code Section 4958 on persons involved in excess benefit transactions
 - IRS rules ensure that compensation is reasonable and not an excess benefit transaction.
 - Consider what someone in a similar position would earn at an organization of a similar size with a similar mission.
 - IRS sanctions can be imposed on the organization and Board if these rules are not followed – intermediate sanctions.



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Intermediate Sanctions (continued)

- Intermediate sanctions are an alternative to the revocation of an organization's tax-exempt status when private individuals receive an excess benefit.



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Intermediate Sanctions (continued)

- What is the Intermediate Sanctions Act as it pertains to executive compensation in nonprofit organizations?
 - The IRS can impose a penalty “excise tax” on an “excess benefit transaction” involving a “disqualified person”.
 - The “excise tax” is:
 - Return of the excess benefit, and
 - 25% of the excess benefit (or 200% of the excess benefit if not corrected within time)
 - A “disqualified person” is:
 - Those in a position to exercise substantial influence over the organization – CEO/ED; CFO

See following example



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Intermediate Sanctions (continued)

- How does it operate?
 - Sanctions can apply to both:
 - The disqualified person, and
 - The managers (including directors) who approve the “excess benefit” transaction



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Consider this Example

- A NPC pays Adele, its executive director, \$90,000 in total compensation, for 20 hours of work per week.
- The compensation package is approved by Denise, Dave, and Donald, three of the NPC's directors, even though they knew that similar nonprofits in the area paid \$40,000 or less for similar work.
- The IRS receives a complaint from a former employee of the NPC stating that it is paying excessive compensation to Adele. The IRS audits the nonprofit and determines that reasonable compensation for Adele is only \$40,000.
- Thus, Adele received an “excess benefit” of \$50,000.



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Consider this Example (continued)

- Here's what happens:
 - Adele must pay the IRS a penalty tax equal to 25% of the excess benefit—in this case, \$12,500.
 - Adele must pay the \$50,000 excess benefit back to the NPC; if she doesn't, she will have to pay an additional tax to the IRS equal to 200% of the excess benefit--or \$100,000, and
 - Denise, Dave, and Donald, the directors who knowingly approved Adele's compensation, must jointly pay from their funds an excise tax equal to 10% of the amount of the excess benefit, up to a maximum of \$20,000—in this case, \$5,000 total between the three of them.
 - Thus, at a minimum, the IRS will receive \$17,500 in penalty taxes-- \$12,500 from Adele out of her own pocket and \$5,000 from Denise, Dave, and Donald out of their own pockets. The IRS would receive an additional \$100,000 if Adele failed to pay the \$50,000 back to the NPC.



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Is Your Board Aware of Intermediate Sanctions?

- Board members need to be familiar with the IRS intermediate sanctions rules and related legal doctrines, such as the private inurement doctrine.
- Board members can be fined individually.
- Board members can receive criminal sentences that fall between regular probation and incarceration – house arrest, boot camp.



“Rebuttable Presumption” Procedure

- Have a written policy (no “catch-up” time allowed).
- Compensation must be approved in advance by an independent “authorized body” – can be the entire board, a committee of the board, or other person(s) authorized by the board to act on its behalf.
- No conflicts of interest.
- Authorizing body’s decision must be adequately and timely documented – compensating terms and the date approved; names and titles of those who were present and voted on the action; the data that was relied on and how it was obtained.



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Compensation Market Data

- IRS expectation that your Board relies on market data to inform their decisions
- Sample sources of data – varying costs, yet all cost \$
 - GuideStar Nonprofit Compensation Report
 - The Nonprofit Times
 - PRM Consulting Group’s Management Compensation Report for Non-for-Profit Organizations
 - National Council of Nonprofits
 - Economic Research Institute (eri)
 - PNP Staffing Group Nonprofit Salaries and Staffing Trends Report
 - Association of Independent Research Institutes (AIRI)
 - Columbia Books & Information Services
- Appropriate benchmarks
 - Similar types of organizations
 - Annual revenue range
 - Number of employees
 - Regional vs. national



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Consultants

- Pros
 - Unbiased, independent assessment
 - Access to reliable data
 - Buys cover with the IRS
- Cons
 - Expense
 - Lack of familiarity with organization and/or roles and responsibilities
 - Example: COO and CFO may be better matched to just CFO for benchmarking purposes
- What to consider
 - Board's experience, expertise and engagement
 - Use them initially to establish process and educate the Board, then consider pros and cons of doing it yourself
 - NPC staff (e.g., HR Director) may have conflicts of interest



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Recommendations

- That the Board create a compensation committee – ensure that no conflicts of interest exist.
- Have a written policy or procedure for reviewing and establishing executive compensation.
- Remove affected executives from the review and recommendation process.



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Recommendations (continued)

- Review independent compensation benchmark data.
- Compensation committee reviews performance and data prior to setting compensation.
- Keep written records of the process followed and decisions made and by whom.



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The Employee Life Cycle – Retention

- Provide Effective Onboarding and Orientation
- Offer Professional Development
- Cultivate Culture and Teambuilding
- Help Individuals Plan and Navigate a Career Path
- Encourage Feedback
- Support Work Life Balance
- Provide Feedback and Recognition – Monetary and Non-Monetary
- Create a Culture of Trust
- Cultivate a Socially Responsible Environment
- Effectively Manage and Communicate Organizational Changes



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In the News – For the Wrong Reasons!



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What to do when the EE is not performing?

This should not be a surprise!



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Performance Improvement Plan

AKA ~ PIP

Before creating a performance improvement plan, the manager should have already:

- Discussed in person the performance issues with EE.
- Described Manager's expectations.
- Listened to the EE's explanation.



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Performance



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The PIP Overview

- Communicate to EE-performance/behavior is not acceptable.
- Clearly identify what is unacceptable.
- Clearly identify what is acceptable going forward.
- Clearly warn the EE of potential adverse consequences if performance/behavior is not improved or rectified.



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PIP Components

- Identify the problem.
- Establish periodic review date and the length of the PIP period.
- Identify support and resources available to EE.
- Outline the consequences, i.e., up to and including termination.
- Update the plan prior to each meeting.



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The Employee Life Cycle – Exit

- Voluntary

- Implement an employee exit interview process that generates meaningful and actionable information.
 - Track and evaluate metrics regarding why people leave the organization, beyond just a turnover rate.
- Create and follow administrative processes and ensure managers know their responsibilities and legal requirements.
 - Processing final paychecks correctly and timely is a legal requirement
 - Make sure managers are aware they must inform HR and/or Payroll as soon as they learn of a resignation
 - Listen carefully for any legal concerns – Is the employee having medical issues? Does the employee feel he or she needs to resign in order not to be terminated?
 - Comply with requirements related to COBRA, unemployment, etc.



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The Employee Life Cycle – Exit (continued)

- Involuntary

- Possible Reasons:

- Discharge
 - Performance
 - End of Funding
 - Project Ends

- Be Familiar with State and Federal Laws Related to Termination

- Consider membership in any legally protected class
 - Treat similarly situated employees consistently
 - Ensure final pay is distributed timely and correctly
 - Comply with requirements related to unemployment, COBRA, etc.



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OH NO – the door



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The Employee Life Cycle – Exit

- Involuntary (continued)

- Best Practices:

- Follow your own internal processes
- Be careful what words you use: “layoff” or “downsizing” are different from performance or conduct based terminations
- Minimize the employee’s embarrassment
- Respect privacy and avoid defamation claims
 - “Suzy is no longer with the organization” vs. “We let Suzy go because of her poor job performance”
- Don’t debate the decision with the employee or apologize
- Have another manager or HR professional present
- Don’t allow access to information systems, leave with company property or access work area of coworkers (use an exit checklist)
- Consider potential security risks
- Plan and communicate the employee(s) departure to others quickly and carefully



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Discussion



Michael Hindery

PAVIR, CEO

mhindery@pavir.org

650.849.0578

Maria Sittmann

VMRF, ED/CEO

msittmann@vmrf.org

858.642.3070



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