

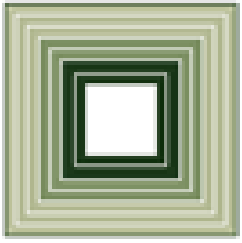
# Reorganization through Reduction (RTR)

## **Joint Legislative Commission on Governmental Operations**

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*March 27<sup>th</sup>, 2014*

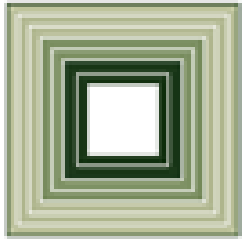


**FISCAL RESEARCH DIVISION**  
A Staff Agency of the North Carolina General Assembly



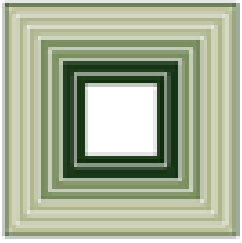
# What is RTR?

- RTR is a voluntary separation program to reorganize and restructure cabinet departments
- Office of State Human Resources, OSBM, and the State Personnel Committee authorized to develop the program and its policies, including:
  - (1) The approach used in identifying eligible agencies
  - (2) The process for identifying employees who may volunteer
  - (3) The availability of severance and other related assistance



# Where was RTR authorized?

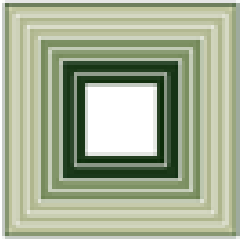
- S.L. 2013-382 (HB 834), Modern State Human Resources Management/ RTR
  - Part VIII, Sections 8.1-8.3
  - No reference to the RTR program was included in the FY 2013-14 appropriations bill
- RTR expires June 30<sup>th</sup>, 2014



# How does RTR work?

- OSHR approves reorganization plan
- Department notifies employees of program eligibility
  - Individuals volunteer to participate
- Agency approves or denies a volunteer's participation
- If there are not enough volunteers, the agency uses a reduction in force to complete the reorganization

*Note: positions included in the program do not  
have to be eliminated*



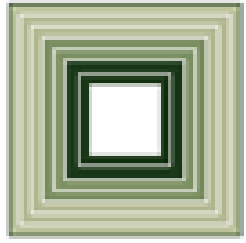
# How does RTR work?

## **Volunteers**

- Receive:
  - One-time severance payment
  - A one time \$5,500 payment
  - Ability to retire immediately, if eligible
- Waive:
  - Re-employment priority
  - The ability to be rehired by the State for 6 months
  - The ability to be rehired by separating agency for 1 year

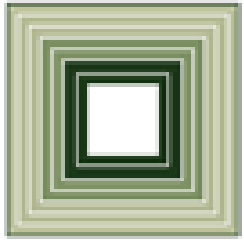
## **RIF'd Employees**

- Receive:
  - Severance paid over time
  - State health plan coverage for up to one year (\$5,285)
  - Reemployment priority
    - See G.S. 126-7.1(f)
- Can retire after severance payments completed



# How much does RTR cost?

- To Be Determined
  - No funds were specifically appropriated for RTR
  - Program funded using excess severance reserve funds
    - Based on severance reserve expenditures through January 28, 2014, \$5.26m remained in the severance reserve
    - Per the Committee Report for S.L. 2013-360, unused severance reserve funds are to be carried over for use in FY 2014-15 for severance wages
  - Used \$439k for DOA pilot project
    - Phase 1 expands RTR to DOA, Cultural Resources, and OSHR



# RTR Questions to Consider

- What benefits does the RTR program provide the State?
- Is this program necessary in order for the Governor to reorganize cabinet agencies?
- Is RTR an authorized use of the severance reserve?
- Which employees volunteers for RTR?