



STATE OF NORTH CAROLINA
OFFICE OF STATE HUMAN RESOURCES
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PAT MCCRORY
GOVERNOR

C. NEAL ALEXANDER, JR.
STATE HUMAN RESOURCES DIRECTOR

April 30, 2015

Memorandum

To: The Honorable Representative Tim Moore, Co-Chairman
Joint Legislative Commission on Governmental Operations
The Honorable Senator Phil Berger, Co-Chairman
Joint Legislative Commission on Governmental Operations

From: C. Neal Alexander, Jr., Director
Office of State Human Resources

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Lee Roberts, Director
Office of State Budget and Management

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Re: Session Law 2013-382/ Reorganization through Reduction Program Report

Session Law 2013-382, Section 8.3 requires the Office of State Human Resources, in conjunction with the Office of State Budget and Management, to report to the Joint Legislative Commission on Governmental Operations on the Reorganization through Reduction Program (RTR). RTR is an option available for reorganization and restructuring of the departments and offices listed in G.S. 126-5(d)(1), as amended by Section 4.1 of the act. A report to the Joint Legislative Commission on Governmental Operations is required on three occasions during the year of 2015; please accept this report as the requisite submittal for April 30, 2015.

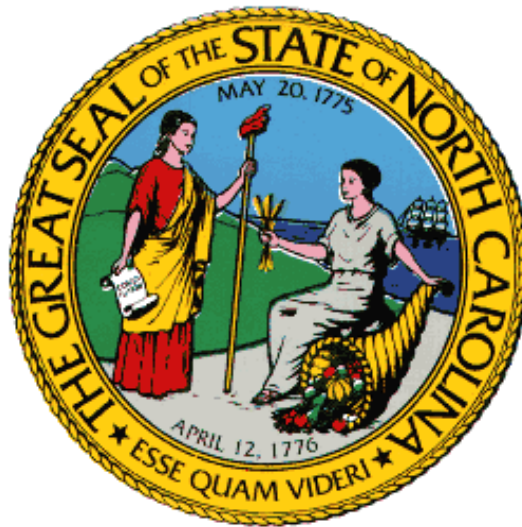
If you have any questions, please contact Margaret Duke, OSHR Legislative Liaison, at (919) 807-4869 or at margaret.b.duke@nc.gov.

State of North Carolina

Reorganization through Reduction Program

As Directed by House Bill 834, Session 2013

Status Report as of April 30, 2015



Prepared by

Office of State Human Resources

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I. Reorganization through Reduction Program Overview

a. Background

Part VIII of the House Bill 834, Session 2013 directed the Office of State Human Resources (OSHR), in conjunction with the Office of State Budget and Management (OSBM), to develop the Reorganization through Reduction Program (RTR).

House Bill 834 reads:

PART VIII. REORGANIZATION THROUGH REDUCTION PROGRAM

SECTION 8.1. The Office of State Personnel, in conjunction with the Office of State Budget and Management (OSBM), may develop the Reorganization through Reduction Program (RTR). The RTR shall be one option available for reorganization and restructuring of the departments and offices listed in G.S. 126-5(d)(1), as amended by Section 4.1 of this act. The RTR is authorized to serve as an employee volunteer separation program to accomplish reorganization and restructuring needs in the specified departments and offices through policies approved by the State Personnel Commission (SPC). The SPC policy shall detail the following:

- (1) The approach to be used in identifying the organizational units.
- (2) The process for identifying employees who may volunteer.
- (3) The availability of severance and other related assistance.

SECTION 8.2. Severance and any other payments made pursuant to the implementation of the RTR program will not exceed funds appropriated for that purpose.

b. Policy and Program Development

RTR Policy and the Program artifacts were developed by OSHR. The RTR Work Group comprising of representatives from North Carolina Department of Health & Human Services, North Carolina Department of Cultural Resources, North Carolina Department of Administration, North Carolina Office of Information Technology Services, North Carolina Department of Commerce, North Carolina Department of Revenue and OSHR reviewed the RTR Policy and the Program artifacts. Senate Bill 744 was signed into law authorizing an extension of the RTR program through June 30, 2015. The RTR Policy was approved by the State Human Resource Commission on August 28, 2014.

c. Program Description

The RTR program is a voluntary employee separation program created by the General Assembly and established under the direction of the OSHR to enable an agency to restructure or reorganize to gain financial and/or skill set efficiencies and therefore increase agency effectiveness and achieve agency business needs, objectives and goals. During RTR, an agency is not required to eliminate a position if the agency needs to re-purpose the position to meet agency business needs, objectives and goals.

If an agency chooses to utilize the RTR program, the Agency Head and Human Resources Director will draft the agency's RTR plan based on the agency business needs, objectives, goals and critical skills, which shall be sent to OSHR to ensure compliance with the RTR policy. OSBM will notify OSHR of fund availability, and OSHR will communicate the plan/fund approval/denial to the agency. If the agency plan is approved, the agency will then implement

RTR. First, the agency will send the RTR announcement to the affected organizational units. Employees in these units will have twenty-one (21) calendar days to decide to participate by signing an RTR Volunteer Separation Agreement which is submitted to OSHR. The agency will select participants and will notify volunteers of acceptance or denial, based on the agency's need for the critical skills identified in the plan. If selected for participation, the employee will sign a Settlement Agreement and Waiver of Claims and receive a separation payment based on the RIF's state policy formula, which is the standard state severance salary formula. In addition, a payment of \$5500 will be added to the separation payment that may be used by the employee after resignation to purchase health insurance. If the agency receives more volunteers than needed for the RTR, management may elect to accept additional volunteers and shall use length of service (greater total state service) as the determining factor in selecting participants. If there are fewer volunteers than needed to achieve the goals of the RTR plan, the agency must implement a Reduction in Force (RIF) to proceed with the restructuring and reorganization plans to achieve the approved minimum reductions, and may implement up to the maximum contained in the RTR plan. The agencies will select employees for RIF to meet the goals, and will notify affected employees.

d. Role of the Office of State Controller, Office of State Budget and Management and State Treasurer/Retirement

The Office of the State Controller (OSC) provides the agency with separation amount by employee for the eligible employees.

OSBM notifies of fund availability needed for the Agency's RTR implementation. OSBM provides approval of funds disbursement.

The State Treasurer/Retirement address answers that eligible employees may have related to retirement planning.

e. The Office of State Human Resources Control Center

OSHR Control Center serves as a single point of contact for Agency HR Personnel, Agency RTR Coordinator, RTR Employee Volunteers, OSBM, OSC and NC State Treasurer/Retirement. Employees that wish to participate in the RTR Program submit their completed Volunteer Separation Agreement to the OSHR Control Center. The OSHR Control Center hands over these agreements to the Agency for approval/denial. Within forty-five days of termination, the employees submit the completed Settlement Agreement/Waiver of Claims to the OSHR Control Center.

f. Program Timeline and Participants

OSHR recommended, and the General Assembly adopted, an extension of the RTR program until June 30, 2015. SL 2014-115 (H1133, Sec. 55.3) and SL 2014-100 (S744, Sec. 22A.3). Two agencies to date have opted to participate in the extended RTR program. Participating employees must be separated by June 30, 2015.

Participating Agencies	Timeline	Status
OSHR	1/22/2015 – 6/30/2015	In Progress
DCR – State Library	1/26/2015 – 6/30/2015	In Progress

DOA – Advocacy Section	2/23/15 – 6/30/15	In Progress
ITS – Data Center Operations (EDC) & Consumer Platform-Desktop Services	3/5/15 – 6/30/15	In Progress
DHHS – Controller’s Office	4/1/15 – 6/30/15	In Progress
OSBM	4/2/15 – 6/30/15	In Progress
RTR Program ends	6/30/2015	Pending

II. Communications and Timeline

<u>Participating Agency</u>	<u>Timeline</u>	<u>Status</u>
<u>OSHR</u>		
• RTR Announcement within the Division	1/22/15	Complete
• Volunteers submitted RTR Separation Agreements	1/22/15 – 2/11/15	Complete
• Finalize participants	2/23/15	Complete
• Volunteer separation	6/30/15	Pending
<u>DCR – State Library</u>		
• RTR Announcement within the Division	1/26/15	Complete
• Volunteers submitted RTR Separation Agreements	1/29/15 – 2/18/15	Complete
• Finalize participants	2/27/15	Complete
• Volunteer separation	4/30/15	Complete
<u>DOA – Advocacy Section</u>		
• RTR Announcement within the Division	2/23/15	Complete
• Volunteers submitted RTR Separation Agreements	2/26/15 – 3/18/15	Complete
• Finalize participants	3/25/15	Complete
• Volunteer separation	4/30/15	Complete
<u>ITS – Data Center Operations (EDC) & Consumer Platform-Desktop Services</u>		
• RTR Announcement within the Division	3/5/15	Complete
• Volunteers submitted RTR Separation Agreements	3/5/15 – 3/26/15	Complete
• Finalize participants	4/1/15	Complete
• Volunteer separation	6/30/15	Pending
<u>DHHS – Controller’s Office</u>		
• RTR Announcement within the Division	4/1/15	Complete
• Volunteers submitted RTR Separation Agreements	4/1/15 – 4/21/15	Complete
• Finalize participants	4/29/15	Complete
• Volunteer separation	6/30/15	Pending
<u>OSBM</u>		
• RTR Announcement within the Division	4/2/15	Complete
• Volunteers submitted RTR Separation Agreements	4/8/15 – 4/28/15	Complete
• Finalize participants	4/30/15	Complete

• Volunteer separation	6/30/15	Pending
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III. Results/Findings

Implementation Results	OSHR	DCR	DOA	ITS	DHHS	OSBM
Participants eligible to volunteer	70	35	25	37	132	44
Participants volunteered	6	4	8	6	30	8
Participants approved for RTR	6	4	8	6	31	8
Participants denied for RTR	0	0	0	0	0	0
Participants selected for RTR-RIF	2	7	1	0	0	0

IV. Expenditures

Agency	RTR Expenditures	RTR-RIF Expenditures	Total Expenditures
OSHR	\$319,650.68	\$47,104.00	\$366,754.68
DCR	\$145,578.68	\$146,725.33	\$292,304.01
DOA	\$217,273.47	\$15,113.66	\$232,387.13
ITS	\$188,758.15	\$0.00	\$188,758.15
DHHS	\$994,880.15	\$0.00	\$994,880.15
OSBM	\$524,675.32	\$0.00	\$524,675.32
GRAND TOTALS	<u>\$2,390,816.45</u>	<u>\$208,942.99</u>	<u>\$2,599,759.44</u>