PAT MCCRORY
GOVERNOR

C. NEAL ALEXANDER, JR.
STATE HUMAN RESOURCES DIRECTOR

September 1, 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

        Lee Roberts, Director
        Office of State Budget and Management

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 September 1, 2015.
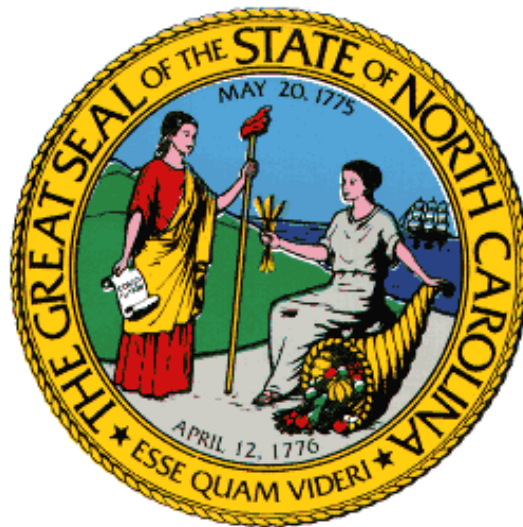
If you have any questions, please contact Margaret Duke, OSHR Legislative Liaison, at (919) 807-4869 or at margaret.b.duke@nc.gov.

State of North Carolina

Reorganization through Reduction (RTR) Program

As Directed by House Bill 834, Session 2013

Status Report as of September 1, 2015

Prepared by

Office of State Human Resources

Table of Contents

I. Reorganization Through Reduction (RTR) Program Overview

a. Background

In 2013, the General Assembly allowed the Office of State Human Resources (OSHR), in conjunction with the Office of State Budget and Management (OSBM), to develop the RTR program. (S.L. 2013-382).

PART VIII. REORGANIZATION THROUGH REDUCTION PROGRAM
SECTION 8.1. The Office of State Human Resources, in conjunction with the Office of State Budget and Management, may develop the Reorganization Through Reduction program (RTR). The RTR program 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 program 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 Human Resources Commission (SHRC). The SHRC 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

The RTR Work Group is composed of representatives from the Department of Commerce, the Department of Revenue, the Department of Health and Human Services (DHHS), the Department of Cultural Resources (DCR), the Department of Administration (DOA), the Office of Information Technology (OITS), and the Office of State Human Resources (OSHR). The RTR policy and the program artifacts were developed by OSHR and reviewed by the work group. In 2014, the General Assembly authorized an extension of the RTR program through June 30, 2015 (S.L. 2014-100). On August 28, 2014, the RTR Policy was approved by the State Human Resource Commission (SHRC).

c. Program Description

The RTR program is a voluntary employee separation program created by the General Assembly and established under the direction of OSHR. The program enables an agency to restructure or reorganize to gain financial and/or skill set efficiencies, increase agency effectiveness and achieve agency business needs, objectives and goals. During a RTR program, 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. Next, OSHR ensures that the plan complies with the RTR policy.

Then, 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 the RTR program. 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. Next, 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 an employee is selected for participation, the employee will sign a Settlement Agreement and Waiver of Claims. The employee will receive a separation payment based on the state reduction in force (RIF) 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 plan, agency 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 for the RTR plan, the agency must implement a RIF to proceed with the restructuring and reorganization plans to achieve the approved minimum reductions. The agency may implement up to the maximum reductions contained in the RTR plan to meet the agency goals. Finally, the agency will notify affected employees.

d. Role of the Office of State Controller (OSC), the Department of State Treasurer (DST) and the Office of State Budget and Management (OSBM)

OSC provides the agency with separation amount by employee for the eligible employees.

DST answers questions that eligible employees may have related to retirement planning.

OSHR notifies OSBM of fund availability needed for an agency's RTR implementation and OSBM provides approval of funds disbursement.

e. The Office of State Human Resources (OSHR) Control Center

The OSHR Control Center serves as a single point of contact for agency human resources personnel, agency RTR Coordinators, RTR employee volunteers, OSBM, OSC and DST. Employees that wish to participate in the RTR program must submit their completed Volunteer Separation Agreement to the Control Center. The Control Center hands over these agreements to the agency for approval/denial. Within forty-five (45) days of termination, the employees must submit the completed Settlement Agreement/Waiver of Claims to the Control Center.

f. Program Timeline and Participants

In 2014, OSHR recommended, and the General Assembly adopted, an extension of the RTR program until June 30, 2015. S.L. 2014-115 (H1133, Sec. 55.3) and S.L. 2014-100 (S744, Sec. 22A.3). Two (2) agencies to date have opted to participate in the extended RTR program. Participating employees must have been separated by June 30, 2015.

Participating Agencies	Timeline	Status
OSHR	1/22/2015 – 6/30/2015	Complete
DCR – State Library	1/26/2015 – 6/30/2015	Complete
DOA – Advocacy Section	2/23/15 – 6/30/15	Complete
ITS – Data Center Operations (EDC) & Consumer Platform-Desktop Services	3/5/15 – 6/30/15	Complete
DHHS – Controller's Office	4/1/15 – 6/30/15	Complete
OSBM	4/2/15 – 6/30/15	Complete
RTR Program ends	6/30/2015	Complete

II. Communications and Timeline

Participating Agency	Timeline	Status
OSHR		
• 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	Complete
DCR – State Library		
• 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
DOA – Advocacy Section		
• 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
ITS – Data Center Operations (EDC) & Consumer Platform-Desktop Services		
• 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	Complete
DHHS – Controller's Office		
• 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	Complete
OSBM		
• 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	Complete

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	31	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	$15,215.20	$232,488.67
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	$2,390,816.45	$209,044.53	$2,599,860.98

V. Overall Program Observations

The participating agencies have been able to reorganize and repurpose existing funds to establish positions with new competencies to meet new agency strategic business needs. Agencies have been enabled to place right people with the right skills and competencies into positions needed to meet current and future changes. To continue the success of the program, OSHR has recommended to the General Assembly that a department or office listed in G.S. 126-5(d)(1) or (2) may reorganize and restructure its positions through a voluntary separation process, in accordance with a policy approved by the SHRC and subject to funding and approval by OSBM (H.B. 495). It has also recommended removal of

the sunset date for the RTR Program which would make RTR a permanent program (H.B. 495).

VI. Agency Updates

A. DCR – State Library

The RTR program has allowed the State Library to take critical first steps towards meeting many of its strategic business needs.

The Library administration's strategic business need is to deliver more effective administrative support to all work units while reducing operational redundancies. By consolidating three (3) existing vacancies and three (3) positions available through RTR, an administrative services team comprised of an Office Manager, two Office Assistants and a Grants Assistant has been created to perform a variety of procurement, financial record-keeping, records management and program support duties. This team will ensure transaction efficiencies and eliminate duplicate efforts through improved processes and centralized shared support. The Office Manager position was filled on June 1, 2015 and recruitment is underway for the two Office Assistants and the Grants Assistant.

The Government Heritage Library's (GHL) strategic business need is to move from traditional collections-focused operations to customer-focused services and functions. To accomplish this, the GHL restructured and consolidated four (4) branches into two (2) branches, realigning many work functions and staff positions. The RTR vacancies were reallocated to provide five (5) permanent positions to support the GHL's key priorities for digital collections and web-based information resources; online reference services; and preservation of born-digital and digitized state government publications, ending long-standing reliance on federal funds to supported state-mandated functions. Resources from other vacancies were used to create a Reference Supervisor position and reallocate or provide salary adjustments for other positions with significant changes in work duties.

The Library for the Blind and Physically Handicapped (LBPH) has a strategic business need to increase outreach efforts to the growing population of citizens with low vision, blindness or physical disabilities, to improve awareness of the LBPH services, and to facilitate enrollment in the library program. An RTR vacancy will be reallocated in October 2015 to provide a part-time outreach specialist to support this effort.

The Library Development (LD) has strategic business needs to expand and enhance existing statewide programs, such as continuing education and resource sharing, and to increase the capacity of state libraries. The creation of new grant programs that provide opportunities for innovation and improved library services is also a critical focus. Higher level administrative support and development of user-centered web pages and web-based applications for communication, training and content delivery is essential to meet these needs. The RTR vacancy was reallocated to include a broader scope of job duties and critical skill requirements to support both the Library Services and Technology Act grants and continuing education programs. The position was also reassigned to the

administrative services team to ensure coordinated support for all functions and recruitment is underway.

A remaining vacancy will be reallocated in October 2015 to provide a web designer to support the development and management of user-centered web pages and web-based delivery of library content and information for all State Library sections.

POSITIONS THAT HAVE BEEN FILLED DUE TO RTR

Action	Date	Position #	Classification	Level / Grade	Salary
Filled	06/01/15	60083872	Library Technician	J	35,136
Reallocated / Filled	06/11/15	65010012	Library Supervisor	C	50,809
Reallocated / Filled	06/24/15	60083829	Library Professional	C	46,303
Reallocated / Filled	06/24/15	60083852	Library Professional	C	39,016
Reallocated / Filled	06/24/15	60083825	Library Professional	J	63,675
Reallocated / Filled	06/24/15	60083830	Library Professional	J	63,675
Reallocated / Filled	06/24/15	60083834	Library Technician	J	36,697
Filled	07/15/15	60083873	Processing Unit Sup V	61	33,754
Reallocated / Recruitment underway		60083835	Admin Serv Assist V	61	33,790
Reallocated / Recruitment underway		60083892	Admin Serv Assist V	61	33,790
Reallocate / Recruit Oct 2015		60083833	Library Technician	J	19,520
Reallocate / Recruit Oct 2015		60083883	Public Comm. Spec.	J	50,217

B.   OSHR

Position Title/PC#	RTR Results	Filled or Vacant
HR Partner #60042943	This position was originally assigned to the WC/Safety Division. As a result of RTR, the position was repurposed to a serve as an HR Generalist and transferred to our HR Office. Our HR Office provides business support for OSHR, OSBM, and the Governor's Office.	Filled
HR Manager #60013816	Position is now organizationally placed in the Total Rewards Division.	Filled
HR Associate #60013783	This position is organizationally placed in our Safety/WC Division and will remain there.	Vacant *(Position will be posted soon.)*
HR Managing Partner #60013789	This position was organizationally placed in the Classification/ Compensation Division and served as the Director. As a result of RTR, this Division was merged with the Benefits/Rewards Group and is now called the *Total Rewards Division.* This position has been repurposed to serve as the Classification/ Compensation Manager and position was reallocated downward to HR Manager position and the managerial exempt designation was removed. Position now reports to the Director of the Total Rewards Division.	Filled
HR Partner #60013766	Position is now organizationally placed in the Total Rewards Division.	Filled
HR Partner #60013765	Position is now organizationally placed in the Total Rewards Division.	Vacant *(Posting Dates: 8/17 – 8/21/2015)*
HR Partner #65017350	As a result of RTR, position has been repurposed to assist with the RFP process and provide more technical skills in reporting, SAP, etc.	Vacant *(Posting Dates: 7/1 – 7/16/2015)*
HR Associate #60013821	Position is now organizationally placed in the Total Rewards Division. Repurposed position will be posted soon.	Vacant *(Position will be posted soon.)*

C.   OITS

OITS had six (6) employees participate in the RTR program. Three (3) of the positions are being reclassified from Operations & Systems Technicians to Operations & Systems Analysts which will be posted by the end of August 2015 for recruitment. In order to bring the budget for the Analyst positions to the level needed, ITS decided to move money from position 60087468 and abolish it. Position# 60087516 will be repurposed, however, it is on hold until the agency reorganization is complete.

The RTR program is helping ITS recruit for the skill sets needed to move from mainframe hosting to server-based operations. The program is helping ITS achieve its strategic objectives and is beneficial to employees who wish to pursue retirement, educational, or other employment opportunities.

D.   DOA – Historically Underutilized Businesses (HUB); Council for Women (CFW); Youth Advocacy Involvement Office (YAIO); Human Relations Commission (HRC).

The DOA Advocacy RTR plan was approved by OSHR on February 11, 2015. Divisions included in the plan were Historically Underutilized Businesses (HUB); Council for Women (CFW); Youth Advocacy Involvement Office (YAIO); Human Relations Commission (HRC). The plan was conducted from 2/23/15 to 5/30/15.

HUB is currently in active recruitment for three (3) repurposed positions under the RTR program. One (1) position has been repurposed and filled as the Small Business Outreach Coordinator.

CFW is in active recruitment for one (1) vacant position which was redesigned to serve as a Grants Administrator. One (1) position has been repurposed and filled as an Information Communications Specialist I.

YAIO is in active recruitment phase for two (2) vacancies as a result of the RTR program implementation.

HRC is currently in active recruitment phase for one (1) vacant position.

These four (4) advocacy programs have been able to realign work functions, skills and resources with the goal of gaining operational efficiencies, creating new skill sets, increasing effectiveness, improving customer service and meeting business needs. Although the reorganizations have taken place, the active recruitment is in process and the majority of vacancies created by the RTR program have yet to be filled at this time.

E.   OSBM

Position Title/PC#	RTR Results	Filled or Vacant
State Budget Manager #60008604 (JPS/NER)	Position is now organizationally placed to report to the Chief Operations Officer of the agency.	Vacant *Position currently posted. (8/20 – 8/26/2015)*
Deputy Director for Budget #60013816	---	Filled
State Budget Manager #60008556 (Statewide/Infrastructure)	Position continues to report to the Deputy Director for Budget	Vacant *Position currently posted. (8/20 – 8/26/2015)*
Business & Technology App. Specialist/Advanced #60008565	Position is still organizationally placed in the DATA/Information Technology Division of the agency. Position repurposed to perform at a higher competency level.	Filled
Business & Technology App. Specialist/Journey #65019900	Position is still organizationally placed in the DATA/Information Technology Division of the agency.	Vacant *(Position will be posted soon)*
State Budget Management Analyst #60008598 (Education)	Position is still organizationally placed in the Education Division of the agency.	Vacant *(Position will be posted soon*
Accounting Technician/Journey #60008584	Management has plans to repurpose this position.	Vacant *(Position will be posted soon*
Information Technology Manager/Advanced #60013821	---	Filled *(Offer Extended and Accepted)*

F.   DHHS

DHHS offered RTR to one hundred and thirty-two (132) employees in the Controller's Office, which were affected by the consolidation of two (2) sections. Thirty-one (31) employees were approved to participate in the RTR program. Twenty-three (23) employees retired and eight (8) separated for other reasons.

Eighteen (18) professional accounting positions have been posted and screened in the new section. The interviewing process is underway.

Thirteen (13) remaining position funds will be utilized to cover sixty-nine (69) reclassifications and career progression adjustments resulting from the realignment.

There has been successful implementation of the new structure with vacant positions available to repurpose. The RTR program has allowed staff to pursue new opportunities through separation or moving internally into new roles. There has been positive turnover to allow for new employees and with new skill sets to meet the future needs. OSHR staff provided strong support during the process.

When dealing with split federal/state salaries, DHHS will need involve the DHHS budget office early to ensure that there are no costs to allocation of funds. Also, DHHS has learned to avoid processing employee separation dates in the financial areas around the end of the fiscal year. The knowledge loss had a serious impact on the end of year closing and comprehensive annual financial report preparation. DHHS wants to ensure strong communications for employees in regional offices, such as using onsite visits rather than phone and email communications. Also, DHHS may plan for supplemental/temporary staff before RTR volunteers separate. Careful consideration should be given by the Human Resources Director and the Division Directors to cap the number of RTR volunteers because a high number of volunteers may lead to a knowledge gap.