

ADVISORY GROUP ON

Civil Service and Employee Benefits

PROPOSAL #:

AGCS # 38

SUBJECT: Separation package: basic components

DATE ADOPTED BY ADVISORY GROUP: November 23, 2009

COMMISSION ACTION: DATE:

RECOMMENDATION: Should a reduction in force through voluntary or involuntary separation become necessary, whether applicable only to targeted programs or budget units or implemented across most agencies, the design process of the staff reduction plan should include discussions of a separation package which may take the form of an incentive or severance package. Prudence dictates that the details of such a package should be determined only after designation by the appropriate entity of programs to be reduced or eliminated or positions to be emptied. However, any such separation package should include three basic components: (1) a lump-sum payment, (2) provision for health insurance, and (3) provision for education or training. If the package is offered as an incentive for voluntary separation, any employee taking the incentive should be prohibited from employment with the state or from entering into a contract to provide services on behalf of the state for a period of thirty-six months. If the person is reemployed or enters a contract within the prohibition period, the person should reimburse the state the proportionate value of the incentive package. Any separation, whether voluntary or involuntary, to which a separation package applies should trigger the abolition of the position from which each employee is separated; however, if the position is critical to the mission of the agency, the agency should be permitted to abolish another position or combination of positions that represent the elimination of the same amount of salary and benefit costs from the agency's budget.

Summary Description/Nature of Change	Key/Implementation Responsibilities	Need	Action Needed	Benefit/Saving	Done/ Study
<p>Should a reduction in force become necessary, the design process of the staff reduction plan should include discussions of a separate package. The package details should be determined only after designation of programs to be reduced or eliminated or positions to be emptied. Any such package should include three basic components: (1) a lump-sum payment, (2) provision for health insurance, and (3) provision for education or training. If the package is offered as an incentive for voluntary separation, any employee taking the incentive should be prohibited from employment with the state or from entering into a contract to provide services on behalf of the state for a period of 36 months. If the person is reemployed or enters a contract within the prohibition period, the person should reimburse the state the proportionate value of the incentive package. Any separation to which a separation package applies should trigger the abolition of positions; however, if a position is critical to the mission of the agency, the agency should be permitted to abolish another position or combination of positions that represent the elimination of the same amount of salary and benefit costs from the agency's budget.</p>	<p>Legislature; Governor; effected agencies; Department of State Civil Service</p>	<p>To provide a full range of options for easing state workers from employment with the state to retirement or to other employment should a reduction-in-force become necessary.</p>	<p>Identification of programs to be reduced or eliminated or positions to be emptied; filing of layoff plans; determination of the appropriate combination of components; appropriation of monies to fund the package.</p>	<p>Ease of transition and reduced anxiety for employees who are laid off; maximization of savings from the reduction-in-force; possible savings in unemployment payments if these persons secure employment quickly; possible increase in tax revenue from wages earned and purchases made.</p>	