

RESOLUTION NO. 2009-360

First Reading Passage Requested
(J. Dodson)

SPONSOR Mr. Pry & Mr. Comunale

DATE September 28, 2009

COMMITTEE Personnel

A Resolution re-opening the County of Summit Voluntary Separation Plan, authorizing the County Executive to administer said Plan, and authorizing said Plan to be available to all County appointing authorities, offices, agencies, boards and commissions, for the Executive, and declaring an emergency.

WHEREAS, the current economic crisis has negatively impacted many of the revenues received by the County; and

WHEREAS, as a result of decreased revenues, this Council approved a 2009 budget that reduced overall spending by 3.3% and general fund spending by 5.5%; and

WHEREAS, as 2009 has progressed, the economic crisis has ballooned the County's general fund budget deficit from \$5 million to \$13 million, thereby leaving the general fund with an anticipated balance of \$5.1 million at the end of 2009; and

WHEREAS, if significant reductions are not made in the budget, the economic crisis could exhaust the balance of the general fund and a large portion of the rainy day fund in 2010; and

WHEREAS, to prevent the exhaustion of the balance of the general fund and the depletion of the rainy day fund in 2010, this Council and the Executive anticipate taking several measures to reduce the County's 2010 expenditures; and

WHEREAS, the single largest cost of the County are personnel costs; and

WHEREAS, previously in 2009, the County offered a Voluntary Separation Plan to employees, which will result in a savings to the general fund in 2010 of \$2.95 million; and

WHEREAS, in the interest of (i) further permanently reducing personnel costs, (ii) encouraging employees who desire to retire or resign from the County to do so in a voluntary manner, and (iii) reducing the impact of mandatory personnel cuts in 2010, this Council and the Executive desire to re-open the Voluntary Separation Plan; and

WHEREAS, this Council finds and determines, after reviewing all pertinent information, that it is necessary and in the best interest of the County to re-open the County of Summit Voluntary Separation Plan, to authorize the County Executive to administer said Plan, and to authorize said Plan to be available to all County appointing authorities, offices, agencies, boards and commissions.

NOW, THEREFORE, BE IT RESOLVED, by the Council of the County of Summit, State of Ohio, that:

SECTION 1

The County of Summit Voluntary Separation Plan, attached hereto as Exhibit A and incorporated herein by reference, is hereby re-opened by this Council and the County Executive is hereby authorized to administer said Plan, including any revisions incorporated into Exhibit A from the previously offered Voluntary Separation Plan. Furthermore, said Plan shall be available to all County appointing authorities, offices, agencies, boards and commissions that elect to participate in said plan.

SECTION 2

This Resolution is hereby declared an emergency in the interest of the health, safety and welfare of the citizens of the County of Summit and for the further purpose to immediately enact the aforementioned Voluntary Separation Plan to protect and preserve the current County fund balances and control and limit the 2009 and 2010 budget deficits.

SECTION 3

Provided this Resolution receives the affirmative vote of eight members, it shall take effect immediately upon its adoption and approval by the Executive; otherwise, it shall take effect and be in force at the earliest time provided by law.

SECTION 4

It is found and determined that all formal actions of this Council concerning and relating to the adoption of this Resolution were adopted in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements, including section 121.22 of the Ohio Revised Code.

INTRODUCED September 28, 2009

ADOPTED September 28, 2009

Shirley F. Greer
CLERK OF COUNCIL

Nick Kostantaras
PRESIDENT OF COUNCIL

APPROVED September 28, 2009

James M. Pugh
EXECUTIVE

September 28, 2009
ENACTED EFFECTIVE

Voice Vote: 8-1 YES: Comunale, Crossland, Feeman, Kostandaras, ~~Poda~~,
Prentice, Rodgers, Smith NO: Crawford ABSENT: Shapiro, Poda
Schmidt

TIMELINE FOR 2ND VOLUNTARY SEPARATION PLAN

FILE COPY

- September 21st - Brief Council during Personnel Committee
Re: Intent to introduce at September 28th Council meeting.
- September 28th - Introduce for first reading;
Seek first reading passage.
- September 29th to
October 9th - Officeholders and unions to approve and enter into
Memorandums of Understanding.
- October 12th to
October 23rd - Window to enroll in VSP for employees.
26th -
- October 30th - Last day for employees to revoke resignation.
- November 30th - Last possible day for employees who enroll in the VSP.

County of Summit Voluntary Separation Plan

FILE COPY

1. The County of Summit is offering an extension of the Voluntary Separation Plan (“VSP”) as part of its continuing efforts to reduce the long term expenditures of the County. All employees of all appointing authorities, offices, agencies, boards and commissions of the County of Summit (hereinafter collectively referred to as “Offices”) are eligible to participate in the VSP. Each Office shall sign a memorandum of understanding with the County Executive agreeing to the terms of the program, as set forth herein, no later than 4:00 p.m. on October 9, 2009.

Plan Eligibility, Payout and Separation Details

2. The VSP is available to all full-time (defined as an employee who works at least 72 hours a pay period), permanent, bargaining (pending union approval) or non-bargaining employees who were on the payroll and completed their initial probation period as of January 1, 2009 and who continually maintain their full-time, permanent status through the date of their application for the VSP. Individuals seeking to retire as a result of disability are not eligible to participate in the VSP. Elected officials and appointed or elected board members are not eligible to personally participate in the VSP. In order for employees of a bargaining unit to be eligible, that unit must agree to participation either through terms of a collective bargaining agreement or a memorandum of understanding between the unit and the employer.
3. Employees participating in the VSP shall receive a lump sum payment, after the separation of their employment, equal to 30% of the first \$50,000.00 of the employee’s “base salary” and an additional 5% of the portion of the “base salary” that exceeds \$50,000.00. Said payment shall be made only upon separation of the employee from employment with the County.
4. “Base salary” is calculated by using the employee’s regular hourly rate as of January 1, 2009, times 2080 hours for an 80 hour per pay period employee, or 1872 hours for a 72 hour per pay period employee. The “base salary” does not include any amounts for overtime, salary roll-ups, or any benefits. Income paid to an individual on a contract basis or attributed to a 1099 is not included in “base salary.”
5. In the event that an employee has not been employed for at least one year immediately preceding their termination date, the “base salary” will be the regular hourly rate as of January 1, 2009 multiplied by the actual number of hours actually worked (i.e., paid or unpaid leave will not be included) during the previous twelve months.
6. Any employee who elects to participate in the VSP will also receive the normal vacation payout pursuant to CH 169 of the County codified ordinance and/or Collective Bargaining Agreement, after they resign or retire from County employment, in the same form, fashion and amount as a normal severance from the County.
7. If an employee elects to voluntarily terminate employment under the VSP and retire, the employee will also receive their sick leave payout pursuant to CH. 169 of the County Codified Ordinances and/or Collective Bargaining Agreement, in the same form, fashion

and amount as a normal severance from the County. In order to receive a sick leave payout, the County will need to receive confirmation of the eligible employee's election to receive an age and service pension from OPERS.

8. Employees electing to participate in the VSP must agree to terminate their employment with the County, effective no later than the close of business on November 30, 2009. The employee's termination shall be a voluntary resignation or retirement and the employee shall agree on the VSP application to the voluntary nature of the termination and acknowledge that, as such, the employee is not eligible for unemployment compensation. Employee agrees that election to participate in the VSP shall be a voluntary termination of employment for any purpose whatsoever. Employees who elect to participate in the VSP will be removed from the payroll at the close of business on the effective date of their resignation. Employees may elect to be paid half of all payouts (VSP, sick and vacation) in 2009 upon separation of employment and half of the payouts between January 1, 2010 and January 31, 2010. As stated below, resignation of an employee pursuant to the VSP may be delayed pending the Office's submittal and approval of the required savings/reduction plan.

Employee Enrollment

9. An employee must enroll for the VSP during the enrollment period of October 12, 2009 through October 26, 2009. Failure to enroll in the VSP during that enrollment period will render an employee ineligible for the VSP.
10. Employees must indicate their election to participate in the VSP and their acceptance of all conditions and terms of the VSP, no later than 4:00 p.m. on October 26, 2009, by delivering the fully completed and signed VSP Application and Resignation Form to the Human Resources Department ("HRD"), Room 102, Ohio Building, 175 S. Main St., Akron, Ohio 44308. Delivery shall constitute physical delivery to the HRD or mailing the application by regular U.S. mail. If mailed, the application must be completed, signed and U.S. post-marked no later than October 26, 2009. Electronic or faxed copies, and/or copies submitted by intra-departmental mail are not sufficient to constitute delivery.
11. If the VSP application is incomplete and/or filled out incorrectly, the County will allow the affected employee to correct and/or complete the application within three (3) business days from notification of the incompleteness or incorrectness. If the employee fails to correct the problems and/or complete the VSP application within that period of time, that employee's VSP application will be rejected by the County.
12. Employee may revoke the VSP application by delivering a notice of revocation, in writing, to the HRD no later than seven (7) days after the date that the application is delivered to the HRD. For purposes of the notice of revocation, deliver shall have the same meaning as that set forth in paragraph 10, above.

Salary Savings/Reduction Plan

13. No later than November 6, 2009, the HRD shall compile and deliver to each participating Office a list of employees that have elected to participate, and are eligible to participate,

in the VSP. No later than November 15, 2009, each Office must submit a written plan to DFB demonstrating salary savings/reduction of at least 50% of the total amount of **non-general fund** salaries for the employees that elect to participate in the VSP. Said savings may be accomplished through (i) permanent abolishment of positions or (ii) promotion of remaining employees to newly vacant positions and underfilling or abolishing the prior positions, or (iii) other personnel reorganization that will result in the required 50% salary savings/reduction for the employees electing to participate in the VSP. **The balance of the 50% that may be reused by an Office must be used only for transfers or promotions into positions vacated through the VSP.** Following receipt of the required plan, the DFB will review and approve the plan, or suggest revisions to the Office. Failure to submit a plan meeting the required savings/reduction will delay and possibly prevent the processing of personnel actions necessary to replace separating employees.

14. For **general-fund and general-fund supported** positions, the Office shall receive a credit towards the Office's required 2010 budget reductions and/or any savings requested by the Executive's Department of Finance and Budget ("DFB") for the final quarter of 2009, as set forth in the 2010 budgetary packets previously provided by DFB to those Offices. The amount of the credit shall be equal to the salary and benefits of the vacated positions for the balance of 2009 and 2010, less the payout to the employees under this plan and any payouts for sick and vacation leave. Because 100% of the salary and benefits savings for the separating employees must be used to cover the cost of the separating employee's payouts and as a credit towards the Office's required 2009/2010 budget reductions/savings, the Office will not be able to reuse any of the salary and benefits saved through the Plan for promotions or transfers, as is permitted for the non-general fund positions. As such, it is not necessary for Offices to submit a written savings plan as is done with the non-general fund positions. The following example illustrates the operation of this Section:

VSP Participant 2010 Salary and Benefit Savings	\$100,000
VSP Participant 2009 Salary and Benefit Savings	5,700
<u>2009 Payout to VSP Participant</u>	<u>-\$40,000</u>
Net 2009/2010 VSP Budget Savings	\$65,700
Office's Required 2009/2010 Budget Reduction/Savings	\$500,000
<u>Less Net 2009/2010 VSP Budget Savings</u>	<u>-\$65,700</u>
Office's Adjusted Required Budget Reduction/Savings	\$434,300

Following completion of the enrollment period, and the calculation of the savings achieved by each Office, the Executive shall make the necessary adjustments to the proposed 2010 budgets for each Office and shall submit a resolution to Council to make any necessary appropriation adjustments for 2009, consistent with this Section.

15. Once the HRD delivers to each participating Office a list of electing and eligible employees, the Office shall complete a personnel action for each employee indicating the retirement/resignation of the employee, which shall be processed through normal procedures.

FEDERALLY FUNDED AGENCY ADDENDUM

Separation incentive conditions applicable to employees of federally funded agencies, including Jobs and Family Services and Child Support Enforcement Employees, and certain Juvenile Court employees.

Pursuant to Federal Publication ASMB C-10 (Cost Principles and Procedures for Developing Cost Allocation Plans and Indirect Cost Rates Agreements with the Federal Government) Ch 3-13

Program GuidelinesRef: 3-13 (4) a. Cost Allocations

1. Any full-time permanent bargaining or non-bargaining employee who was on the payroll and had completed their initial probation period as of January 1, 2009 and who continually maintains their full-time permanent status through the date of their application for the VSP is eligible to receive a voluntary separation incentive payment equal to 30% of the first \$50,000 in annual salary, and 5% of the amount in excess of \$50,000.
2. This is in addition to any accumulated vacation or sick leave hours the employee is entitled to receive pursuant to the County of Summit Codified Ord. 169 or the applicable collective bargaining agreement.
3. The County of Summit Voluntary Separation Plan is being offered to employees of all elected officeholders and agencies of the County.
4. The affected federal programs include
 - Title IV-D
 - Title IV- E
 - TANF
 - Medicaid and federal food stamp program (income maintenance)
 - WIA
 - Title XX Social Services
 - Title XX Transfer
 - FSET
 - Help Me Grow
 - County Child Care
 - Refugee Social Services
 - Community Development Block Grant (CDBG)

Costs will be allocated to federal funds using RMS allocations (DJFS) or other cost – allocation method currently used in the federally- funded program (CSEA), (and CDBG). RMS allocations of separation incentives will be based on the RMS allocation in effect at the time of separation, as is consistent with the allocation of accrued leave time for normal turnover as defined under OMB circular A-87.

Ref 3:13 (4) b. County- wide Program

All employees of all appointing authorities, offices, agencies, boards and commissions of the County of Summit (hereinafter collectively referred to as "Offices") are eligible to participate in the VSP. This program is not a purchase of service credit program for retirement. Employees who already have sufficient age/service credit for retirement and employees who for example have other sources of income and separate from the County by November 30, 2009 are eligible to receive this incentive payment.

Ref: 3-13 (4) c. Re-employment policy

1. An employee in a federally- funded agency who accepts a voluntary separation payment is ineligible for re-employment in any position with the County for a period of 24 months from the date of voluntary separation. (or consequently must repay the full amount of the voluntary separation payment prior to being eligible for any County position).

Ref 3-13 (4) d. Cost Effectiveness

1. Before offering the program to its employee's the officeholder must agree to a permanent salary savings of at least 50% for every employee from a federally-funded agency or 100% for employees from general fund supported programs taking the incentive. Options for the savings include:
 - Permanently abolishing the position
 - Promoting to or under-filling the position and abolishing the resultant vacant position (this can be a cascade of positions, but it must be demonstrated that the required permanent savings is accomplished within 6 months).
2. The voluntary separation plan is a cost-effective method of reducing payroll costs.
 - Unlike traditional early retirement programs offered through employee pension plans (Ohio Public Employee Retirement System) the plan does not incur the cost of purchasing additional service credits or the cost of health care service costs for retiring employees.

The attached spreadsheet (Attachment A) identifies the anticipated number of employees in the major federally- funded agencies, and the anticipated cost and annual savings.

Ref 3-13 (4) e. Effect of Voluntary Separation Program on Operation, Continuity, and Effectiveness of Federally- Funded Programs.

1. The VSP is expected to reduce the number of positions in federally-funded agencies. This reduction is necessary to deal with reductions in federal and state support and declining local revenues. However, the operation, continuity and effectiveness of federally-funded programs will not be jeopardized by the VSP.
 - Approximately 50% of the positions estimated to be vacated by the VSP are assumed to be filled with new employees at lower starting rates. The total reduction in positions at both DJFS and the CSEA is less than 10% of the current employment levels.
 - Replacement of positions which provide direct service to clients will be emphasized, such as case manager positions. Administrative and support positions will only be filled if essential to assure continuity and efficiency, and less than 50% of those positions will be filled, to assure a higher ratio of jobs filled at the case manager level.

Ref 3-13 (4) f Agreement to comply with terms of federal requirements.

The County of Summit acknowledges that the payments made from federal funds for the voluntary separation plan are subject to audit, and failure to adhere to the terms of the federal programs rules and/or this plan regarding eligibility of costs could result in a finding to recover those costs from the County.

Miscellaneous Provisions

16. The County cannot and does not give any representation as to the treatment given to the Voluntary Separation Plan by the Ohio Department of Jobs and Family Services and the Ohio Public Employees Retirement System. See attached Federally Funded Agency Addendum for Guidelines pertaining to those Agencies.
17. An employee who accepts a voluntary separation payment is ineligible for full-time re-employment in any position with the County for a period of 24 months from the date of voluntary separation (or consequently must repay the full amount of the voluntary separation payment prior to being eligible for any County position). An employee who accepts a voluntary separation payment is eligible to return to the County in either a part-time position or seasonal position that is of a different job classification than the position vacated by the employee, during said 24-month period, provided that there is not a hiring freeze in effect that otherwise bars or limits said employment.