



Sacramento Public Library Authority

July 22, 2010

Agenda Item 11.0: Voluntary Separation Program: Phase II

TO: Sacramento Public Library Authority Board Members

FROM: Rick Teichert, Deputy Director of Support Services

RE: Voluntary Separation Program: Phase II

RECOMMENDED ACTION(S):

1. **Approve** the Voluntary Separation Program Phase II as outlined in the modified Voluntary Separation Program Rules and Procedures – Phase II attached as Exhibit A, modified to include participation by part-time staff, and direct staff to implement the Phase II Rules and Procedures.
2. **Approve** the application of the Rules and Procedures for Phase II to unrepresented employees and employees represented by recognized employee organizations, which have agreed to the terms of the Phase II Program.
3. **Approve** an expense budget appropriation of \$250,000 to be funded from available Fund Balance, to fund approved severance payouts and payouts of employee leave balances related to the Voluntary Separation Program - Phase II.
4. **Authorize the** Library Director to finalize and sign all documents related to the Voluntary Separation Program Phase II.

REASON FOR RECOMMENDATION

Results of Voluntary Separation Program Phase I

The Authority Board approved the Voluntary Separation Program (VSP) on April 29, 2010, establishing an incentive for staff to voluntarily vacate positions to create an opportunity for long term cost savings for the Library. The program was announced to staff on April 30, 2010, with an application deadline of June 8, 2010.

The Board approved program costs of up to \$400,000 to cover incentive payments and leave balance payouts, based on an assumption of approximately ten positions accepting the incentive offer. By June 8, however, a total of 18 applications for the program had been received.

The Library Director has approved 14 applications for inclusion in the program, at a total cost of \$380,000 for the incentive payment and leave balance payouts. Applicants approved for participation have a 45-day period in which to review and sign the agreement. All agreements must be returned by July 26, 2010, to be included in the program.



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During the application period, each application was carefully reviewed and a strategy created to ensure continuation of current service levels and that the overall cost savings would exceed the cost of the separation incentive. The horizon for cost savings review is for the fiscal years 2010-11 through 2012-13, an approximate 2½ to 3 year period. The collective goal was to achieve savings of at least 2.5 times the cost of the program to be very effective. Staff has identified savings strategies that achieve cost savings during this period of \$1,075,000, approximately 2.8 times the costs related to the program.

Recommendation for Voluntary Separation Program Phase II

Four additional applications for participation in the program were received prior to the June 8 deadline, but could not be accepted as they exceeded approved funding. Of those four, one application was rescinded, leaving three applications unfunded. These employees have expressed interest in pursuing the incentive if additional funding can be identified. In addition, at least one part-time employee has expressed interest in participating and meets all of the criteria, except the full-time employment requirement.

Based on a review of the applications in question, staff estimates that acceptance of these applications would achieve a ratio of cost savings vs. cost payment of at least 1.5. Staff is recommending approval of an additional not to exceed amount of \$250,000 to accept the three pending applications received during Phase I and to implement a Phase II application period that would provide a targeted payback of \$375,000. The VSP Rules and Procedures would be modified to include part time staff that have at least ten (10) years of service and meet the other requirements as detailed in the VSP Rules and Procedures document (Exhibit A).

FISCAL IMPACT

The total cost for the current VSP applications is calculated at \$380,000, or \$20,000 less than the \$400,000 authorized by the Authority Board on April 29. Staff has estimated savings through FY 2012-13 of \$1,075,000. The actual savings resulting from program implementation will be incorporated into the FY 2010-11 Final Budget recommendations to be presented on September 23, 2010.

At this time, staff is recommending an additional budget appropriation of \$250,000 for a VSP Phase II, which would allow acceptance of the three pending applications. In addition, at least one part time employee is interested in participating, and could do so with the recommended modification to the Rules and Procedures document to include part time staff who meet the longevity requirements. Overall cost savings for these positions are estimated to be 1.5 times the program cost, or up to \$375,000.



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Staff at this time does not anticipate making additional funding requests for the Voluntary Separation Program during the remainder of FY 2010-11. However, incentive programs such as VSP remain a viable option to realize fiscal efficiencies as the Library develops organizational strategies in view of current economic realities.

The Library's commitment to distinctive service to the greater Sacramento community remains unswerving

ATTACHMENT

Exhibit A: Voluntary Separation Program Rules and Procedures – Phase II

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Sacramento Public Library
Voluntary Separation Program – Phase II
Rules and Procedures

The following rules and procedures shall govern the application for and implementation of the Voluntary Separation Program (VSP): Phase II:

1. Information will be distributed to Department Managers, Supervisors and Staff by e-mail ~~and a letter mailed to eligible employees~~ on ~~August 2~~April 30, 2010.
2. The Department of Human Resources is designated to administer the Program.
3. The open window period for participation is ~~August 2~~May 3, 2010, to and including ~~August 13~~June 8, 2010 (~~five weeks~~).
4. Participation is voluntary. Full-time ~~and part-time~~ career employees with ten (10) years of continuous service or more are eligible for the Program. Employees with twenty (20) years of service will be reviewed first, and any additional applications will be considered if needed.
5. The Library Director may approve individual applications before the end of the application period of ~~August 13~~June 8, 2010.
6. Employees may request to participate in the program. Participation is initiated by submitting a completed Employee Application Form and received by Human Resources **5:00 p.m. ~~August 13~~June 8, 2010**. The form is available on SPL@, Human Resources Page, Voluntary Separation Program tab.
7. Employees who have submitted an application to participate may withdraw their application by submitting a written request to withdraw. Complete and submit the Request to Withdraw Application for Voluntary Separation Program Participation form to Human Resources prior to the Library Director's approval of the application or prior to the employee's signature on the Agreement.
8. The Library Director is the final authority in approving participants that have applied for the Program, and will notify applicants of the approval or denial of their requests in writing.
9. The Human Resources Department will calculate the VSP Incentive Benefit based on years of service and base salary, and have the employee sign the necessary agreement, which includes waiver and release forms.
10. Employees may revoke the agreement within seven (7) days from the date the employee signed the Agreement.
11. After the revocation period expires, the Human Resources Department will notify Payroll of the benefit due to the employee and the date it is to be paid.
12. The VSP incentive benefit for approved participants shall be calculated based on full-time or part-time continuous Library service (including prior contiguous City or County service prior to the Library JPA forming), rounded to the nearest year, times the weekly base salary up to a maximum of \$1,000 per week, (excluding premium pay such as shift differential, out of class pay, overtime and the like), up to a maximum of \$20,000 per person.
13. Any payment under the Program shall not be included as compensation for purposes of PERS reporting or service credit. The VSP Incentive Benefit cannot be deposited in deferred compensation according to ICMA-RC and IRS Regulations.
14. Employees who are approved for the Voluntary Separation Program must leave Library employment no later than December 31, 2010.
15. In the event there are more employees applying for the Program than the number of voluntary separation slots available, ties or excess requests shall be solved in favor of the employee with the most seniority, utilizing the most current Seniority List required by the MOU's with each represented unit.
16. Employees who have previously announced retirement are not eligible to participate in the Program.

17. Employees who accept a VSP Incentive Benefit payment through this Program may not be eligible for unemployment insurance, are not eligible for recall rights, and waive any reemployment rights with the Library.
18. Upon acceptance of the VSP Incentive Benefit payment offered under this Program, the employee agrees to sever any and all rights to Library employment, including but not limited to: seniority, layoff, bumping and/or recall rights, and any appeal rights to any loss of property rights. This waiver shall be effective upon receipt and acceptance of the VSP Incentive Benefit payment. The separation from employment under this Program is not a disciplinary action.

All Voluntary Separation Program forms are located on SPL@, HR Page, Voluntary Separation Program tab.