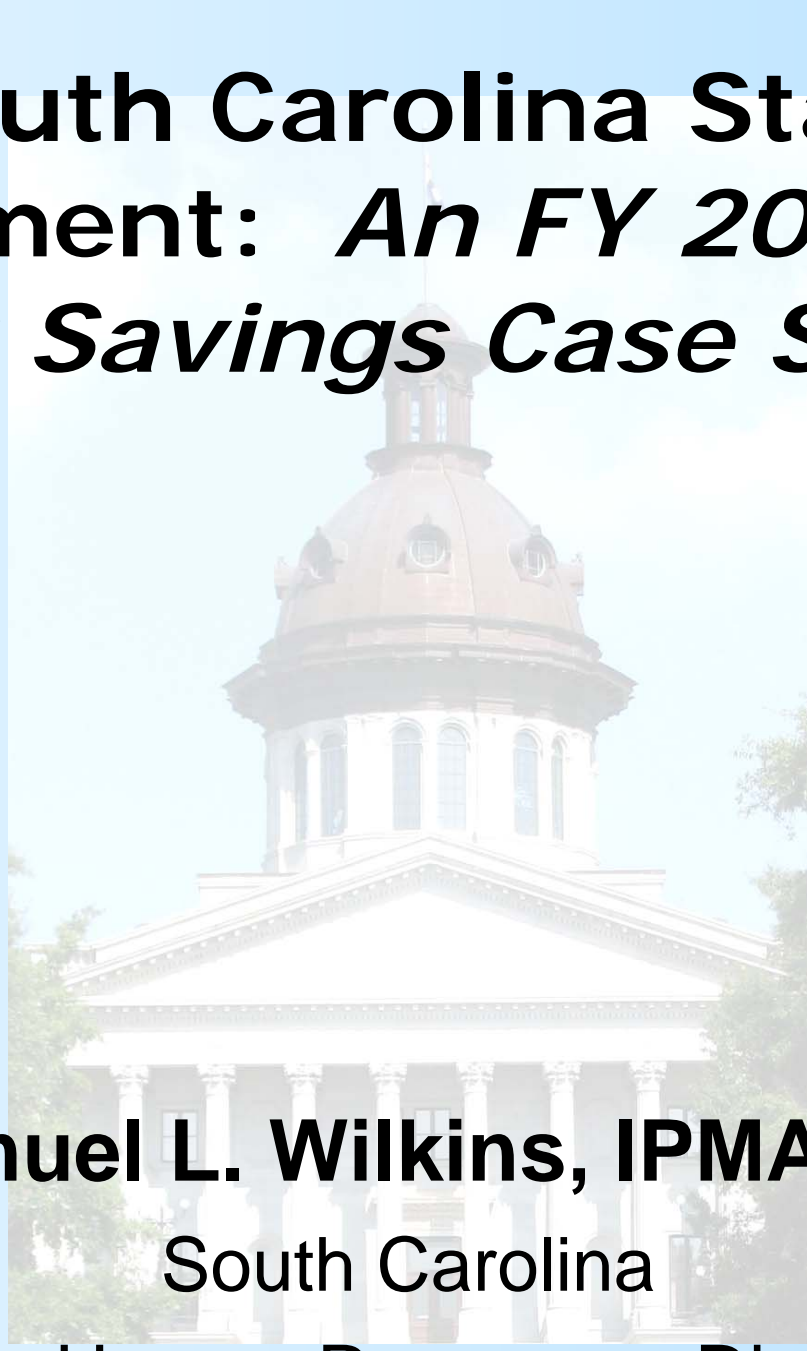


**South Carolina State
Government: *An FY 2008-2009
Cost Savings Case Study***



Samuel L. Wilkins, IPMA-CP

South Carolina

State Human Resources Director

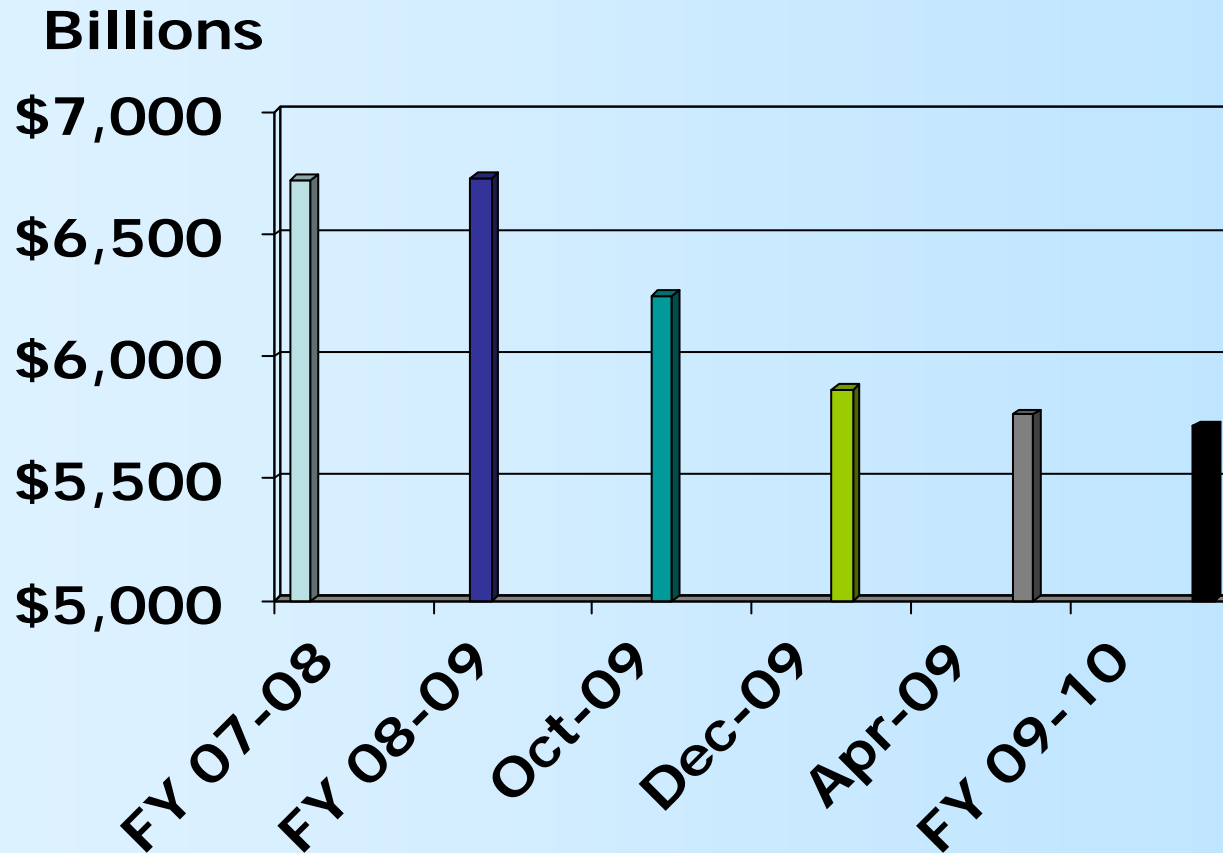


What We'll Cover

- South Carolina state government's economic situation in FY2009 & FY2010
- South Carolina's State Office of Human Resources' immediate assistance to state agencies for cost savings
- South Carolina's State Office of Human Resources' future strategies to assist state agencies in delivering their missions with reduced resources

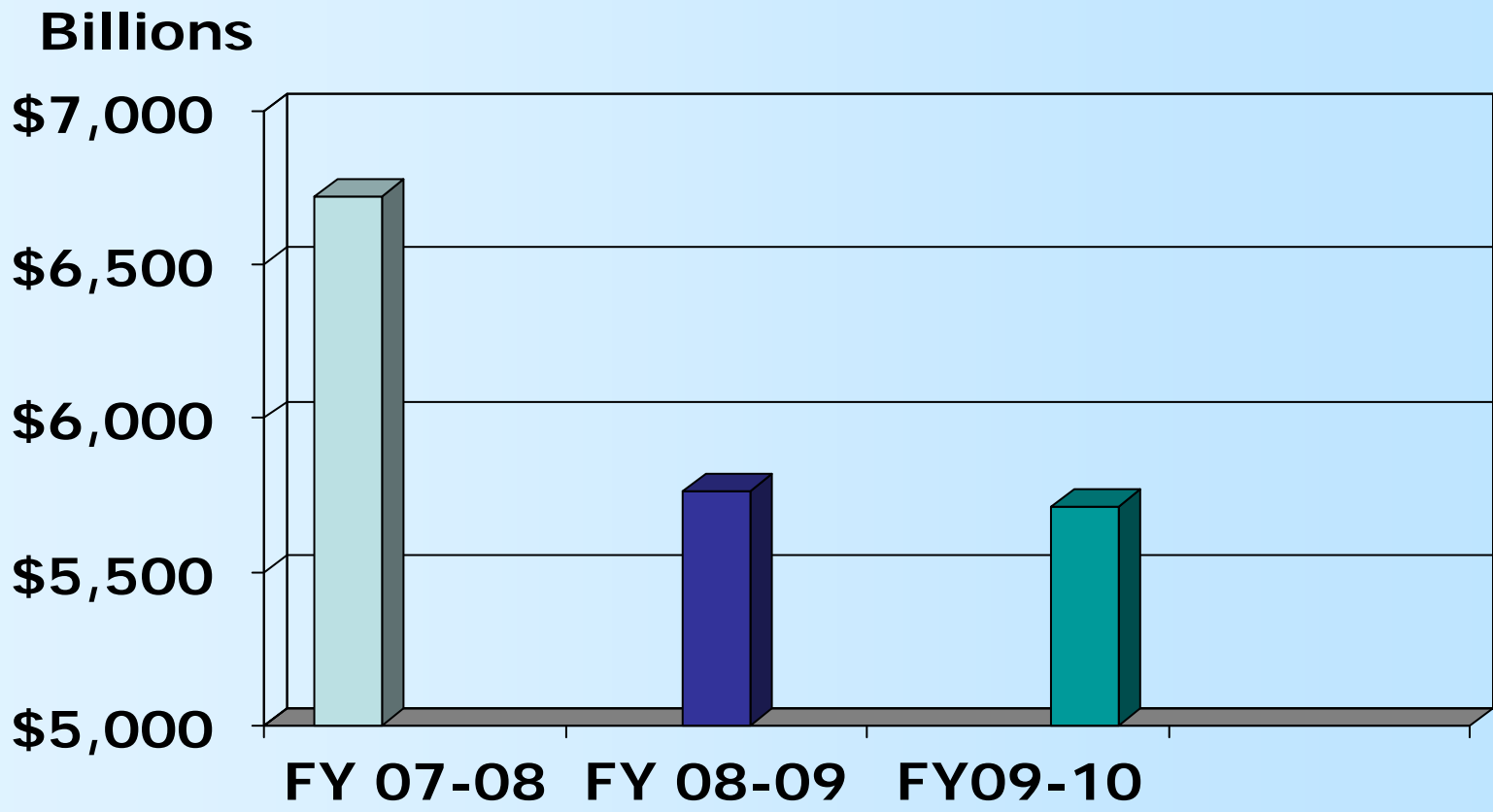


South Carolina's Budget



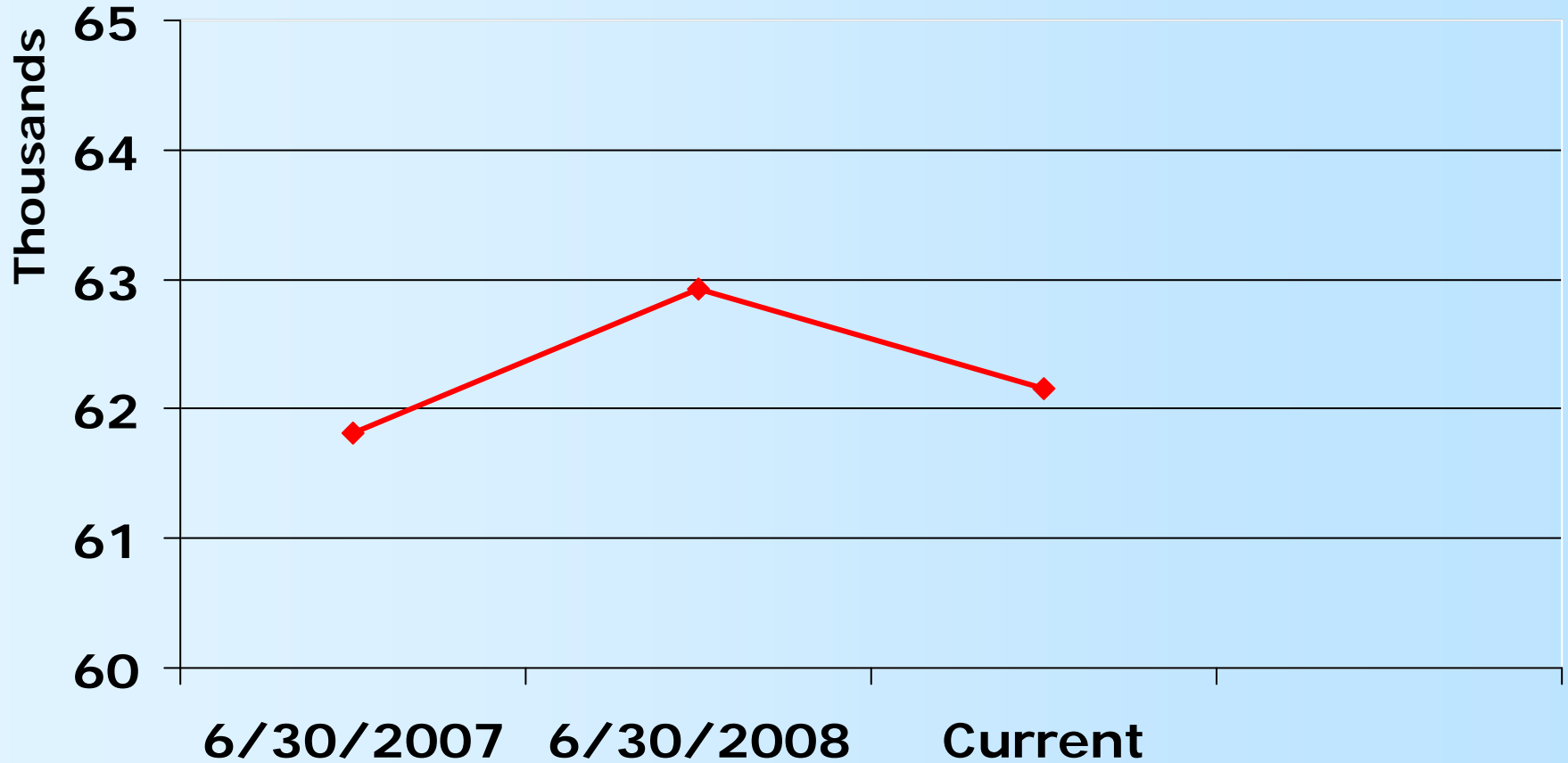


Last Three Fiscal Years





Number of Filled FTE's





Cost Savings Tools Available to S.C. State Agencies

- Recruitment
 - Hire Temporaries
 - Hiring Freeze
 - Retrain/Reassign Employees
- Furloughs
- Flexible Options
 - Job Sharing
 - Teleworking
- Position Cost Sharing
 - Internal or Between Agencies
- Separation Programs
 - Voluntary Separation and Retirement Incentive Programs
 - Reduction-in-Force
 - Terminate Employees without Grievance Protection
- Restrict Activities
 - Travel
 - Overtime



Furloughs

- **Voluntary Furlough**
 - Employees may furlough for up to 90 days
 - Constitutional Officers and Agency Heads may furlough for up to 36 days
- **Mandatory Furlough**
 - State agencies may institute mandatory furloughs for up to 10 days for all employees in the agency, a department or program, pay band or pay rate
 - Universities and Colleges may institute mandatory furloughs for up to 20 days for all employees in the agency, a department or program, pay band or pay rate
- **Reduction in Force/Agency Head Furlough**
 - In the event of a reduction in force, the agency head must furlough for 5 days

Employee could be eligible for unemployment compensation



Separation Programs

Voluntary Separation Program

- To realign resources and permanently downsize based on ability to demonstrate recurring cost savings.

Retirement Incentive Program

- To purchase service credit on behalf of employees who are close or currently eligible to retire and demonstrate recurring cost savings.



Separation of Employees without Grievance Protection

- State Agencies considered separating employees not covered by the State Employee Grievance Act because they would have no state administrative remedy.
- State Agencies needed to be cautious because terminating certain employees or retirees could lead to claims of age discrimination.



Reasons for a Reduction-in-Force

- Budget Reduction
 - State General Funds
 - Federal Funds
 - Other Funds

(Note: The elimination of employees is not based on the funding of their positions)

- Reorganization
- Work Shortage
- Outsourcing/ Privatization



Four Ways an Employee Can Be Affected by a RIF

- Separation
- Demotion
 - An agency may reduce an employee's salary immediately if he is demoted as the result of a RIF based on loss of funds.
- Reduction in hours
- Reassignment
 - Movement within an agency of an employee from one position to another position having the same State salary range, or the movement of a position within an agency which does not require reclassification



State OHR's Review & Approval of a RIF Plan

- The Budget and Control Board's Office of Human Resources reviews a RIF plan in the following two roles:
 - Consulting with the agency
 - Reviewing and approving for procedural correctness
 - Procedural correctness indicates only that the agency has included the components in the RIF plan as provided by the agency's RIF policy.
 - Our approval does not include the determination of the competitive areas, classes, or bumping rights.
 - RIF Applicant Pool
- An agency must have an approved plan prior to communicating the RIF plan to the employees.



State OHR's Role in a RIF During Implementation

- An agency is required to record employees who are affected by a RIF in OHR's Human Resources Information System (HRIS). OHR notifies agencies with a listing of displaced employees to consider as vacancies occur through a RIF Applicant Pool.
- OHR provides on-site presentations on change management to help state agencies address "Layoff Survivor's Syndrome."
- OHR will provide assistance with employee meetings.
- OHR can provide possible community and other public resources for affected employees.



Lessons Learned

- When implementing furloughs be aware of FLSA implications
- Before implementing a RIF, ensure positions are properly classified and organizational charts are up to date
- Determine a comprehensive strategy when implementing multiple cost savings approaches
 - Impact on morale
 - Employee assistance
 - Communication and confidentiality as appropriate



Mandatory Furloughs Metrics

- 42 state agencies out of a total of 75 S.C. state agencies implemented mandatory furloughs since 11/01/2008.
- Those S.C. state agencies that implemented a mandatory furlough averaged 6 furlough days.
- The cost savings from these mandatory furloughs was anticipated to be \$30,251,116.



Separation Program Metrics

- 11 state agencies out of a total of 75 S.C. state agencies implemented Voluntary Separation Programs and 10 implemented Retirement Incentive Programs since 11/01/2008.
- 137 employees statewide participated in the Voluntary Separation Programs and 102 employees statewide participated in the Retirement Incentive Programs.
- The cost savings from these separation programs was anticipated to be \$11,625,732 over 2 years.



Reduction-in-Force Metrics

- 13 state agencies out of a total of 75 S.C. state agencies implemented a Reduction-in-Force since 11/01/2008.
- 233 employees statewide were affected by a RIF and separated from state employment.
- The cost savings from these RIFs was \$9,105,072.



Other Separations Metrics

- 27 state agencies out of a total of 75 S.C. state agencies separated employees who were without grievance protection.
- 295 employees without grievance protection were separated from state employment since 11/01/2008.
- The cost savings from these separations was \$10,430,802.



Total Cost Savings Since 11/01/2008

• Mandatory Furloughs	\$30,251,116
• Separation Programs	\$11,625,732
• RIFs	\$ 9,105,072
• Other Separations	<u>\$10,430,802</u>
• TOTAL	\$61,412,722



OHR's Assistance to S.C. State Agencies for Cost Savings

- E-Memos
- HR Advisory Virtual Meetings
- Agency Directors Organization Meeting
- Podcasts
- Website Enhancements
 - RIF Applicant Pool
 - Added RIF question to statewide application
- Layoff Survivor Syndrome Information
- HR Consultants, including Workforce Planning Assistance, and RIF Team SME's
- Change Management Workshops
- 2009 HR Spring Forum



Future Strategies to Assist Agencies in Delivering Their Missions with Reduced Resources

- Legislation
 - Assisted General Assembly in increasing mandatory furlough flexibilities and implementation
 - Introduced legislation for cost sharing of positions between agencies
- Conduct change management workshops
- Team building efforts due to workforce changes resulting from downsizing
- Re-tool/re-engineering work processes
- Helping state agencies in job redesign as a result of downsizing



QUESTIONS

