



To: First 5 Alameda County Executive Committee

From: Rebecca Gebhart, Finance and Administration Director

Date: March 20, 2009

Subject: Personnel Policies Revision – Reduction in Workforce Policy

REQUESTED ACTION

To review the following amendment to the Personnel Policies and to provide direction on changes or clarifications in preparation for presentation to the Commission on March 26th, 2009

BACKGROUND

First 5 Alameda County adopted Personnel Policies in May 2004 in preparation for separation from Alameda County. Since then revisions have been made in May 2005, September 2005, June 2006, May 2008 and December 2008. The most recent revision was the addition of a reduction in workforce policy to provide guidance practice in the event of a reduction in workforce due to changes in the Strategic Plan, external reductions in the monthly tobacco tax allocation, and other organizational contractions deemed essential by the Commission.

PROPOSED REVISION TO PERSONNEL POLICIES

Among other provisions, the reduction in workforce policy provides severance pay to employees who are terminated due to a reduction in workforce. The severance pay provided is two weeks per year worked. Currently there is no cap or maximum number of weeks specified in the policy. The proposed revision to the policy is to add that the maximum number of weeks that an employee will be paid for severance is 18. The cap limits the fiscal impact of the policy.

A 2008-09 study on severance and separation processes was consulted. Data was reviewed from respondents from the fields of non-profits/education, government and associations. The question asked was "What is your organization's maximum severance pay in weeks?" The choices offered were:

- 0 weeks
- 1-13 weeks
- 14-26 weeks
- 27-39 weeks
- 40-51 weeks

The largest percentage of respondents selected the range of 14-26 weeks as the maximum severance pay offered in their severance policy.

FISCAL IMPACT

Adoption of this amendment will limit the fiscal impact of the policy to 18 weeks of severance per employee terminated.

RECOMMENDATION

To review the following amendment to the Personnel Policies and to provide direction on changes or clarifications in preparation for presentation to the Commission on March 26th, 2009

Submitted by:

Reviewed by:

Rebecca Gebhart,
Finance and Administration Director

Mark Friedman,
Chief Executive Officer



REDUCTION IN WORKFORCE POLICY

Reduction in Workforce

First 5 Alameda County (First 5) is funded by revenue from the 1998 Proposition 10 tobacco tax. Tobacco taxes are a declining revenue stream which requires prudent organizational and financial planning. Revenue maximization efforts have been made to strategically invest the funds received from Prop 10 so that they generate and leverage additional revenue that will offset the declines. Even so, it is anticipated that the funding for First 5 will decline over time. In addition, it is possible that changes in the state may change the tobacco tax allocation in Alameda County, from minimally to dramatically. Further, through the adoption and amendment of the First 5 Strategic Plan, particular programs may be eliminated or scaled back, reducing the staffing needs for those programs.

This reduction in workforce policy is established as part of a comprehensive compensation strategy which is designed to retain highly skilled and trained employees as long as possible through the incentive of a severance package. If retention is not ultimately possible due to program and funding reductions, outplacement services will be provided that assist affected employees to find employment in agencies that serve children age 0-5, as explained below.

In the event First 5 determines that it is necessary to implement a reduction in the workforce, the methods below may be used to accomplish this. The determination of whether it is necessary to implement a reduction in force and the method to be used at any time and for any situation are within the sole discretion of First 5, with primary consideration given to the needs of the program and First 5.

- Employees may be hired for time-limited positions, with the duration of the position dependent on the availability of funding. Employees hired for time-limited positions are not eligible for severance pay, but are eligible to receive outplacement services.
- First 5 may reduce positions through attrition, as long as a workforce can be maintained that supports the program needs at the time.
- First 5 may require all or a portion of employees to go on furlough (ie, work fewer hours per week or take a specified period of time off work without pay). During the period of furlough, First 5 will maintain employees' health and dental insurance benefits at the same level as they were prior to the furlough.
- First 5 may reduce a position(s) from full-time to part-time dependent on program needs and availability of funding. If First 5 reduces a position to part-time, First 5 will maintain employees' health and dental benefits at the same level as they were immediately prior to the reduction, and subject to any future changes in the First 5 benefit package. Employees that voluntarily request a part-time schedule are not eligible for this benefit.
- First 5 may eliminate positions, resulting in a separation of impacted employees. First 5 shall determine if the reduction in force will occur on an agency-wide basis or in one or more programs and/or classifications. If this option is utilized, continued employment with First 5 will be based on the following factors:
 - Availability of open vacant positions within First 5
 - Transferability of skills to other positions within First 5
 - Demonstrated satisfactory current and past performance

Evaluation of these factors shall be within the sole discretion of First 5. If these factors are equal between two or more employees of the same classification in the same program, then length of

service will be the deciding factor for continued employment. An employee's length of service is measured from the original date of employment with First 5 Alameda County (including time as a County employee, Tri-Net employee or First 5 Alameda County employee) as long as there has not been a break in service, not including FMLA (Family and Medical Leave Act), CFRA (California Family Rights Act), or other approved leaves of absence, greater than 30 days.

Notice

Employees selected for reduction in workforce through elimination of position will be given 30 calendar days notice.

Severance Pay

In the event that positions are eliminated due to the need to reduce the First 5 workforce, First 5 will authorize severance pay in the amount of two weeks pay for every year of continuous full time service (according to the above length of service definition) to a maximum of eighteen weeks. This payment shall be made in one lump sum. (According to ACERA, this amount is not pensionable.) Employees who accept severance pay will be required to sign a waiver releasing First 5 from any and all liability arising out of their employment and separation from employment prior to the remittance of any severance pay. Refusal to sign the waiver timely will render an employee ineligible to receive severance pay.

First 5 Alameda County will also make a payment equivalent to \$500 per year of service (as defined above) up to but not to exceed \$3000.00 to provide financial support to the employee for the purpose of maintenance of their health insurance. This payment shall be made in one lump sum, and will be issued at the same time and under the same conditions as severance pay.

Outplacement Services

Employees whose positions are being eliminated or who were hired for time-limited positions are eligible for First 5 outplacement services. These services are designed with the goal of placing First 5 staff in positions within Alameda County where they can continue to use the skills and expertise on behalf of children age 0-5. These outplacement services will be considered part of First 5 systems change work in Alameda County by placing trained and skilled individuals into positions where they can continue to support and contribute to programs for the 0-5 population, and continue to use the skills they learned and honed at First 5. Outplacement services to assist employees with their employment search are available from First 5 for a period not to exceed three months following the date of separation. First 5 makes no guarantee that utilizing its outplacement services will result in an offer of employment.

First 5 reserves the right to terminate or alter this policy at any time upon approval by the First 5 Commission.