

STATE OF MAINE
DEPARTMENT OF ADMINISTRATION
Bureau of Human Resources

(REVISION FOLLOWS)

HUMAN RESOURCES MEMORANDUM 7-90

April 9, 1990
(Revised April 17, 1990)

TO: Agency/Department Heads, Personnel Managers,
Directors of Administrative Services

SUBJECT: Administration of Voluntary Cost Savings Programs

PURPOSE OF VOLUNTARY COST REDUCTION PROGRAMS

The purpose of the voluntary cost reduction programs is to generate savings to offset a \$15 million deappropriation to the salary plan for the biennium. Savings must be generated to pay for unbudgeted personal services expenses that traditionally are met through the use of the salary plan.

Participation in these voluntary programs will reduce the amount required from the salary plan. To the extent that these programs do not provide the necessary savings, agencies will be required to take other measures.

These savings are required in addition to the savings that agencies identified to meet the revenue shortfall.

Each agency will administer these programs. As decisions are made on applications, remember that if this \$15 million shortfall is not made up through these programs, other alternatives will be required.

APPLICATION GUIDELINES

General Provisions

1. The enrollment period is from April 17th through May 31, 1990. Employees must apply during this period. Employees must be notified within five work days of the closing period as to the approval/disapproval of their application.

2. The Bureau of Human Resources will send applications directly to all employees who filed initial applications of intent. The Bureau will also provide each agency with enough applications to distribute to all employees.

Agencies are required to ensure that every employee receives an application.

3. Project employees, temporary (acting) employees and intermittent employees will not be eligible to participate in a Voluntary Cost Savings Program. Each of these types of employment is the result of a pre-determined operational need that precludes the possibility for approval for a reduced workweek or an unpaid leave of absence.

4. Agencies must make every effort to meet the employee's needs. Agencies should discuss modifying the request with the employee before denying the request completely. If all employees cannot be released due to workload considerations, seniority will be the deciding factor.

5. The savings generated by these programs apply to both years of the biennium. Releasing employees as early as possible will maximize savings. Releasing employees before May 31st is encouraged as long as agencies are sure that issues of seniority will not require reversing an approved application at the end of the enrollment period. **Note: Employees who retire under this program must separate from State employment during the month of June with a July 1, 1990 retirement date.**

6. Formal Human Resource and position processing will be required for all approved applications except sporadic days off. **Processing instructions are detailed in Attachment 1 to this Memorandum.**

7. Agencies are required to calculate savings estimations using the form prescribed in Human Resource Memorandum 8-90. Savings estimations must be calculated for applications that are denied as well as for applications that are approved. Savings estimations forms must be forwarded to the Bureau of Human Resources by June 15, 1990.

8. Positions that are reduced in hours due to participation in a Voluntary Cost Savings Program will be frozen at this reduced number of hours, and positions that become temporarily vacant as the result of participation in an unpaid leave program will be frozen for the duration of the leave period. (Position changes will not be made for employees who are granted approval for sporadic days off.) However, agencies may request positions to be restored to previous levels of funding or to allow a temporarily vacated position to be filled when this is in the best interest of the agency and the agency can identify an alternative savings. The alternative savings method is subject to approval by the State Budget Office. **By law, a position that is vacated as the result of participation in the Retirement Incentive Program must be left vacant unless the position vacated is one which must be refilled by reason of the direct impact that keeping this vacancy unfilled would have on the health or safety of the public.**

9. Denied or modified applications can be appealed, first to agency heads and, if not resolved, a Statewide appeals panel. Agency heads are asked to get directly involved in the first level of appeals to ensure that denials are truly due to critical needs. A tough standard will be applied by the appeals panel. The burden will be on the agency to justify denial of an application. Agencies must provide employees with a written notice of their right to appeal and the appeals procedure that must be followed. A sample notice that provides this information is included with this Memorandum. This requirement to notify employees may be met by attaching a copy of this sample notice to denied applications before they are returned.

Special Processing Instructions

1. The following forms must be completed for the Voluntary Cost Savings Programs:

- * Final Application for Voluntary Cost Savings Programs - To be completed by the employee, the employee's supervisor and the appointing authority designate.
- * Application for Educational Subsidy (Approved sabbatical leaves only). A copy is included with this Memorandum.
- * Application Summary and Cost Savings Worksheet - See Human Resources Memorandum 8-90.

2. All applications except retirement applications are to be processed through the employee's supervisor to the appointing authority. Application forms contain detailed instructions for their completion.

3. Retirement applications must be submitted by the employee directly to the Bureau of Human Resources. BHR will verify eligibility for incentive payments. Employees will be notified of their eligibility for this program in writing, contingent upon acceptance of their eligibility to retire as determined by the Maine State Retirement System. A copy of this notice will be forwarded to the agency personnel office so that the personnel office can complete and send a Termination Form to these employees. The termination reason will be Voluntary Retirement-Code 10. When BHR processing is completed, employee applications will be forwarded to the agency personnel office for savings calculations.

4. Approved applications must be submitted to the Bureau of Human Resources when processing HR and position changes.

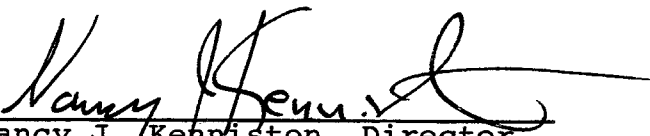
5. No formal Human Resource processing is required for sporadic days off; however, the Bureau of Human Resources will require completion of the cost savings worksheets.

MODIFICATIONS TO PROGRAM PARTICIPATION

In the event of financial hardship, employees who participate in Voluntary Cost Savings Programs may apply for a modification to their program agreements. The agency must report changes in program participation to the Bureau of Human Resources by written memorandum and appropriate position and HR changes.

REQUESTS FOR INFORMATION

Agencies are encouraged to contact the Bureau of Human Resources in the event that unforeseen questions develop. Address your questions to Freeman Wood.


Nancy J. Kenniston, Director
BUREAU OF HUMAN RESOURCES

Attachments

1 - Instructions for Human Resource and Position Processing

**ATTACHMENT 1
POSITION AND HUMAN
RESOURCE PROCESSING INSTRUCTIONS**

POSITION PROCESSING

Position processing will be required for all voluntary programs except sporadic days off. The following codes will identify positions affected by these voluntary programs and must be used when submitting position changes:

Position Hours field codes - Voluntary reductions to position hours must be coded as follows:

Full-time to part-time - V
Part-time to part-time - P

Alphabetical Position Number Suffix - Flexible Staffing (Job Share) programs must be coded with the following instead of the standard S, A, and B currently used for job share:

Parent position - D
Split positions - E and F.

Position Status Field - Use "5" to freeze positions vacated by these programs.

Instructions for submitting position forms are contained in the following instructions for processing Human Resource actions.

HUMAN RESOURCE PROCESSING

Health, Dental and Life Insurance

Health and Dental. Health and dental insurance benefits for participants in a Voluntary Cost Savings Program will not be reduced. For participants who stay on the payroll (reduced work week programs), the State's payments for the employee's coverage and the State's share of the employee's dependent health insurance package will continue to be based on the employee's work schedule prior to participation. A deduction will be made for the employee's share of his or her dependent health insurance package. For participants who go off the payroll (unpaid leave programs), the State will make payments for the employee's coverage and its share of the employee's dependent health insurance package based on the employee's work schedule in effect prior to participation and the employee will be billed for his or her share of the premium for dependent coverage.

ATTACHMENT 1 (Continued)

Life. The amount of life insurance coverage for participants in a Voluntary Cost Savings Program will continue to be based on the work schedule in effect prior to participation. For participants who stay on the payroll, the State will pay the premium for the employee's basic life insurance and deductions will be made for supplemental and dependent coverages carried by the employee based on this prior schedule. Participants who go off the payroll, may pay the premium cost required to continue their life insurance coverage(s) at the level in effect prior to participation provided these premium payments are made within thirty-one days of their last paycheck.

Do not cause recalculations of benefits or deductions on HBQ30 when processing Human Resource transactions.

Reduced Workweek

1. Submit a Position Add/Change Form and Position Detail Record to reduce position hours per standard procedures. Be sure to use the correct position codes.
2. When you are notified by the Bureau of the Budget that position hours have been reduced, process a salary change for the employee as follows:

Screen

Codes

H0BU5
(Reason for change)

0 - Voluntary Hours Reduced

UH1U1
(HRP Print)

G - Salary Change
Q - Voluntary Reduction to
Part-Time

3. Submit the approved application and worksheet HRP to the Bureau of Human Resources as supporting documentation for the change.

Flexible Position Staffing

1. Submit a Position Add/Change Request to set up the target position for job share, using suffixes D, E and F to identify the positions instead of S, A, B.

ATTACHMENT 1 (Continued)

2. Once the Bureau of the Budget has approved the position to be job shared, transfer employees to the appropriate position numbers. Code the transfers and salary changes as follows:

<u>Screen</u>	<u>Codes</u>
HMHU1 (Transfer reason)	45 - Internal Transfer
H0BU5 (Reason for Change)	0 - Voluntary Reduced Hours
UH1U1 (HRP Print)	E - Transfer Q - Voluntary Reduction to Part-time T - Voluntary Job Share

3. Submit the following to the Bureau of Human Resources as documentation for the Personnel action taken:

A. A Position Add/Change Form and PDR to freeze the position that is to be left vacant for the duration of the agreed upon job share.

B. The approved application forms and worksheet HRP's for both employees.

Unpaid Leaves and Sabbaticals

1. Process the unpaid leave as follows:

<u>Screen</u>	<u>Codes</u>
H0BU6 (Unpaid Leave Reason)	0 - Voluntary Unpaid Leave 9 - Voluntary Sabbatical
UH1U1 (HRP Print)	R - Voluntary Unpaid Leave S - Voluntary Sabbatical Leave

2. Submit the following to the Bureau of Human Resources as documentation for the Personnel action taken:

A. A Position Add/Change Form and PDR to freeze the position that is to be left vacant for the duration of the agreed upon job share.

ATTACHMENT 1 (Continued)

B. The approved application form and worksheet HRP authorizing the leave or sabbatical. Be sure to include the Application for Education Subsidy for approved sabbaticals.

Voluntary Retirement

Note: All applications for retirement incentives under this program are sent directly to the Bureau of Human Resources for approval. See Item #3 of the Special Processing Instructions.

1. Process the termination as follows:

Screen

Code

H0BU6 (Termination Reason)	10 - Voluntary Retirement
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2. Submit the following to the Bureau of Human Resources as documentation for the Personnel action taken:

- A. A signed Termination Form.
- B. The approved application that authorizes retirement under this program.
- C. A Position Add/Change Form and PDR to freeze the terminated employee's vacant position.

Sporadic Days Off

Submit the approved application form to the Bureau of Human Resources. No formal personnel transaction in the MFASIS system is required.

SABBATICAL LEAVE
APPLICATION FOR EDUCATIONAL SUBSIDY
Voluntary Cost Savings Program
Department of Administration

Part I. To be completed by employee. Proof of acceptance to your educational program must be attached.

1. Name: _____
2. Social Security Number: _____
3. Department: _____
4. College/University/Institute: _____
5. Number of Courses to be taken: _____ * Total Credit Hours: _____
* Generally, one course equals 3 credit hours and 30 credit hours equals one academic year.
6. Duration of Educational Program: From: _____ To: _____
Date Date
7. In consideration of any financial aid that I may receive from the State under the Sabbatical Leave Program, I hereby agree to return to employment with the State for a period of time equal to the length of this subsidized leave unless this obligation is forgiven as the result of layoff. If I do not return to my employment with the State, I agree to repay the full amount of my subsidy.

Signature of Employee

Date

Part II. To be completed by employee's Department/Agency Personnel Office.

1. This employee has provided evidence of enrollment in an educational program at: _____ with a courseload of _____ credit hours.
2. This employee's educational program involves: (Check one and complete as necessary).
 - 30 or more credit hours and based on this courseload and the employee's full-time work schedule, the employee will receive a subsidy of \$3,000.00.
 - less than 30 credit hours and based on this courseload and the employee's part-time work schedule, the employee will receive a subsidy of \$ _____ (amount prorated against 30 credit hours as one academic year).
 - 30 or more credit hours and based on this courseload and the employee's part-time work schedule, the employee will receive a subsidy of \$ _____ (amount prorated against 40 hours as a standard full-time workweek).
 - less than 30 credit hours and based on this courseload and the employee's part-time work schedule, the employee will receive a subsidy of \$ _____ (amount prorated first against 30 credit hours and then prorated against 40 hours).

Signature of Appointing Authority or
Human Resources Designee

Date

Your request to participate in a Voluntary Cost Savings Program can not be approved (see PART III of your application). You may appeal this denial in accordance with the following procedure:

APPEALS PROCEDURE

1. Employee applications to participate in Voluntary Cost Savings programs shall not be unreasonably denied.
2. Acceptance or denial of the employee's application shall be communicated to the employee within five (5) work days after the close of the enrollment period on May 31, 1990.
3. In the case of a denial, the employee may file an appeal to the appointing authority or his/her designee within five (5) days of the receipt of the denial. The appointing authority shall respond within five (5) days of the receipt of the appeal.
4. If the appointing authority denies this appeal, the employee may appeal this denial to a three member panel. This appeal shall be filed within five (5) days of the appointing authority's notice of denial. The panel will include one member appointed by management, one member appointed by the employee's bargaining agent, one member selected by management and the employee's bargaining agent. If the parties are unable to agree on the third member, the third member shall be appointed by the Maine Board of Arbitration and Conciliation.
5. The panel shall have jurisdiction over all disputes arising out of this process. Appellants will be notified of the panel's decision in writing within fifteen (15) days of the appeal. The panel's decision shall be considered final. No further administrative appeal will be allowed.

STATE OF MAINE

DEPARTMENT OF ADMINISTRATION

Bureau of Human Resources

HUMAN RESOURCES MEMORANDUM 7-90

April 9, 1990

TO: Agency/Department Heads
Personnel Managers
Directors of Administrative Services

SUBJECT: Voluntary Cost Savings Programs

PURPOSE OF VOLUNTARY COST REDUCTION PROGRAMS

The purpose of the voluntary cost reduction programs is to generate savings to offset a \$15 million deappropriation to the salary plan for the biennium. Savings must be generated to pay for unbudgeted personal services expenses that traditionally are met through the use of the salary plan.

Participation in these voluntary programs will reduce the amount required from the salary plan. To the extent that these programs do not provide the necessary savings, agencies will be required to take other measures.

These savings are required in addition to the savings that agencies identified to meet the revenue shortfall.

Each agency will administer these programs. As decisions are made on applications, remember that if this \$15 million shortfall is not made up through these programs, other alternatives will be required.

APPLICATION GUIDELINES

General Provisions

1. The enrollment Period is from April 15th through May 31st. Employees must apply during this period. Employees must be notified within five work days of the closing period as to the approval/disapproval of their application.

2. The Bureau of Human Resources will send applications directly to all employees who filed initial applications of intent. The Bureau will also provide each agency with enough applications to distribute to all employees. Agencies are required to ensure that every employee receives an application.

3. Make every effort to meet the employee's needs. Discuss modifying the request with the employee before denying the request completely. If all employees cannot be released due to workload considerations, seniority will be the deciding factor.

4. The savings generated by these programs apply to both years of the biennium. Releasing employees as early as possible will maximize savings. Releasing employees before May 30th is encouraged as long as you are sure that issues of seniority will not require reversing an approved application at the end of the application period. Note: Employees who retire under this program must retire effective July 1st, by State Law.

5. Formal Human Resource and position processing will be required for all approved applications except sporadic days off. Processing instructions are detailed in Attachment 1 to this Memorandum.

6. Agencies are required to calculate savings for all approved applications. A section on the application form is to be used for this purpose. The Bureau of the Budget will administer the use of savings by reducing position hours or by freezing positions.

7. Agencies may request positions to be restored to previous levels of funding or to allow the position to be filled upon the identification of alternative savings that closely approximate the savings generated by employee participation. Standard Budget forms and procedures are to be used for these requests.

8. Denied or modified applications can be appealed, first to agency heads and, if not resolved, the Statewide appeals panel. Agency heads are asked to get directly involved in the first level of appeals to ensure that denials are truly due to critical needs. A tough standard will be applied by the appeals panel. The burden will be on the agency to justify denial of an application.

Special Processing Instructions

1. The following forms must be completed for all employees who apply for any of the voluntary cost savings programs:

- * Final Application for Voluntary Cost Savings Program - To be completed by the employee, the employee's supervisor and the appointing authority designate.

- * Application for Educational Subsidy (Approved sabbatical leaves only).

2. All applications except retirement applications are to be processed by the employee through the employee's supervisor to the appointing authority. Application forms contain detailed instructions for their completion.

3. Retirement applications must be submitted by the employee directly to the Bureau of Human Resources. BHR will verify eligibility for incentive payments. Employees will be notified of their eligibility in writing, contingent upon acceptance of their application to the Retirement System, with a copy furnished to the agency Personnel office. Applications will be returned to the Personnel office for savings calculations. Applications must be returned to BHR when the employee termination is processed.

4. Approved applications must be submitted to the Bureau of Human Resources when formal HR and position processing is made. All applications must contain cost savings calculations. See Attachment 2 to this Memorandum for calculation instructions. Calculation instructions also appear on the application form.

5. No formal Human Resource processing is required for sporadic days off; however agencies are required to send all approved applications to the Bureau of Human Resources with cost savings calculations.

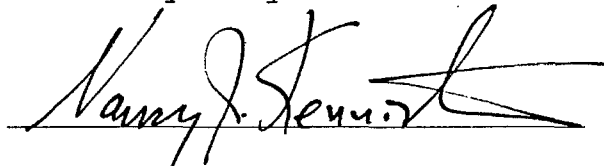
6. Immediately after the close of the application period, agencies must provide the Bureau of Human Resources with summaries of applications received, denied and approved and calculations of cost savings, to include calculated cost savings. Further instructions will be provided at a later date.

MODIFICATIONS TO PROGRAM PARTICIPATION

Employees who participate in voluntary cost savings programs may apply for modifications to the agreed upon reduction in employment due to financial hardship. The agency must file an amended application with the Bureau of Human Resources by completing an amended Part III of the Supplement to the Application Form. Appropriate position changes must accompany any such amended application.

REQUESTS FOR INFORMATION

Agencies are encouraged to contact the Bureau of Human Resources in the event that unforeseen questions develop. Address your questions to Freeman Wood.



Nancy J. Kenniston, Director

BUREAU OF HUMAN RESOURCES

Attachments

- 1 - Instructions for Human Resource and Position Processing
- 2 - Instructions for Calculating Savings

**ATTACHMENT 1
POSITION AND HUMAN
RESOURCE PROCESSING INSTRUCTIONS**

POSITION PROCESSING

Position processing will be required for all voluntary programs except sporadic days off. The following codes will identify positions affected by these voluntary programs and must be used when submitting position changes:

Hours Reduced field codes - Voluntary reductions to position hours must be coded as follows:

Full time to part time - V
Part time to part time - P

Alphabetical Position Number Suffix - Flexible Staffing (Job share) programs must be coded with the following instead of the standard S, A, and B currently used for job share:

Parent position - D
Split positions - E and F.

Position Status Field - Use "5" to freeze positions vacated by these programs.

Instructions for submitting position forms are contained in the following instructions for processing Human Resource actions.

HUMAN RESOURCE PROCESSING

Benefits Processing

Health, dental and life insurance coverage and premiums do not change for the reduced workweek, voluntary leave, voluntary sabbatical and sporadic days off programs. Do not cause recalculations of benefits or deductions on HBQ3Ø when processing Human Resource transactions.

Reduced Workweek

1. Submit a Position Add/ Change Form and Position Detail Record to reduce position hours per standard procedures. Be sure to use the correct position codes.

2. When you are notified by the Bureau of the Budget that position hours have been reduced, process a salary change for the employee as follows:

<u>Screen</u>	<u>Codes</u>
HØBU5 (Reason for Change)	O - Voluntary Hours Reduced
UH1U1 (HRP Print)	G - Salary Change Q - Voluntary Reduction to Part Time

3. Submit the approved application and worksheet HRP to the Bureau of Human Resources as supporting documentation for the change.

Flexible Position Staffing

1. Submit a Position Add/Change Request to set up the target position for job share, using suffixes D, E and F to identify the positions instead of S, A, B.

2. Once the Bureau of the Budget has approved the position to be job shared, transfer employees to the appropriate position numbers. Code the transfers and salary changes as follows:

<u>Screen</u>	<u>Codes</u>
HMHU1 (Transfer reason)	45 - Internal Transfer
HØBU5 (Reason for Change)	O - Voluntary Reduced Hours
UH1U1 (HRP print)	E - Transfer Q - Voluntary Reduction to Part Time T - Voluntary Job Share

2. Submit the following to the Bureau of Human Resources as documentation for the Personnel action taken:

A. A Position Add/Change Form and PDR to freeze the position that is to be left vacant for the duration of the agreed upon job share.

B. The approved application forms and worksheet HRP's for both employees authorizing job share.

Unpaid Leaves and Sabbaticals

1. Process the unpaid leave as follows:

<u>Screen</u>	<u>Codes</u>
HØBU6 (Unpd Leave Reason)	Ø - Voluntary Unpaid Leave 9 - Voluntary Sabbatical
UH1U1 (HRP print)	R - Voluntary Unpaid Leave S - Voluntary Sabbatical Leave

2. Submit the following to the Bureau of Human Resources as documentation for the Personnel action taken:

A. A Position Add/Change Form and PDR to freeze the position that is to be left vacant for the duration of the agreed upon job share.

B. The approved application form and worksheet HRP authorizing the leave or sabbatical. Be sure to include the Application for Educational Subsidy for approved sabbaticals.

Voluntary Retirement

Note: All applications for retirement incentives under this program are sent directly to the Bureau of Human Resources for approval. Approved applications will be returned to the employing agency. When the employee terminates, the approved application must be submitted to the Bureau of Human Resources for final processing and record retention.

1. Process the termination as follows:

<u>Screen</u>	<u>Code</u>
HØBU6 (Termination Reason)	10 - Voluntary Retirement

2. Submit the following to the Bureau of Human Resources as documentation for the Personnel action taken:

A. A position Add/Change Form and PDR to freeze the position that is to be left vacant for FY 90-91.

B. The approved application and worksheet HRP authorizing retirement under this program.

C. A completed termination form.

Sporadic Days Off

Submit the approved application form to the Bureau of Human Resources. No formal Personnel transaction in the MFASIS system is required.

ATTACHMENT 2
CALCULATING COST SAVINGS

Savings must be calculated for each fiscal year. The savings must be estimated to include savings in cash salary that would have been paid to the employee and the savings in State paid retirement contributions that result from the reduction in cash salary. These savings must be "netted out" by subtracting the cost of any incentives that apply to the program selected by the employee.

Use the following guides to calculate savings for each program. Use the "fully burdened rate" (base rate plus all automatic special pays) to calculate cash savings.

Reduced Workweek/Flexible Position Staffing

These programs will result in a reduction in the number of hours worked each week by an employee. Calculate savings as follows:

*Cash Savings: Hourly Pay X Number of Hours Reduced X weeks.

*Retirement Savings: Cash savings X Total Percentage of Salary paid by the State toward Retirement.

*Total Savings: Cash Savings + Retirement Savings.

Sporadic Days Off

This program will reduce the number of days the employee works this fiscal year. Calculate savings as follows:

*Cash Savings: Daily Rate (based on regularly scheduled hours worked per day) X Number of days.

*Retirement Savings: Cash Savings X Total Percent of Salary paid by the State toward Retirement

*Total Savings: Cash Savings + Retirement Savings.

Position Leave

This program will result in a vacancy for the period of the leave. Calculate the cash and retirement savings realized from leaving the position vacant for that period.

Sabbatical Leave

Calculate the savings in the same manner as the position leave program, but you must subtract the cost of the stipend that will be paid to the employee. Report the net savings by fiscal year.

Retirement Incentive

This program will result in a vacancy through June 1991 unless an exception is granted to freezing the position. Calculate the savings in the same manner as the position leave program but you must subtract the cost of the option chosen by the employee:

*A cash payment of \$2900 on July 2, 1990, OR

*The cost of the State's share of spousal insurance for FY 90-91.