



Division of Higher Education

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Johnny Key
Secretary

Maria Markham, Ph.D.
Director

June 3, 2021

The Honorable David Wallace, Chair
The Honorable David Hillman, Chair
Arkansas Legislative Council-Personnel Subcommittee
State Capitol Building
Little Rock, AR 72201

Dear Senator Wallace and Representative Hillman:

The Arkansas Division of Higher Education (ADHE) submits a request from Arkansas Tech University (ATU). ATU has requested a restructuring/reduction in force (RIF) to maintain its fiscal integrity and reach a balanced budget. The reduction in force is based upon ACA §21-3-304 which states:

- (a) A department or agency director or institution of higher education president or chancellor may separate any employee without prejudice because of lack of funds, curtailment of work, or in order to permit reinstatement of employees upon their release from periods of military service from the United States Armed Forces.
- (b) However, no employee as defined by §21-5-203 shall be separated while there are emergency, intermittent, temporary, provisional, or probationary employees serving in the same class of position in the same department or agency.
- (c)
 - (1) The order of separation due to reduction in force shall be based upon criteria established by the Statewide Workforce Reduction Policy as issued and administered by the Office of Personnel Management.
 - (2) For the purpose of establishing this layoff formula, the veteran's service in the United States Armed Forces shall be considered as service with the department or agency and computed as a part of his or her seniority.

The proposed restructuring/reduction in force will assist the institution in its five-year financial plan.

As required, the employees have been notified of the effective last day of employment, on or about May 8, 2021, for faculty, and May 14, 2021, for staff members. ATU has assisted some affected employees with securing other employment on campus.

JUSTIFICATION:

The restructure initiative and the development of the five-year financial plan included every department reviewing their processes for streamlining and adjustment of responsibilities. With 77 positions initially being identified for elimination which included vacancies, early retirements, and filled positions. ATU used \$8,671,745 in reserve to balance the budget and to give ample time for strategically moving through the restructuring initiative. ATU took steps to mitigate the deficit at its highest projected amount estimated at \$12,654,112 for fiscal year 2022-23.

The Arkansas Division of Higher Education has reviewed the submitted documentation.

Your consideration of this request is appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Maria Markham".

Maria Markham
Director



MEMORANDUM

TO: Arkansas Department of Higher Education
FROM: Christina Stolarz, Director of Human Resources
SUBJECT: ATU Restructure Initiative
DATE: May 18, 2021

Arkansas Tech University has been involved for several months in developing a comprehensive restructuring plan for our University that included ensuring ongoing fiscal integrity and reaching a balanced budget. Through the process of creating a stable five year financial plan, ATU has considered a multitude of factors to help increase revenue and decrease expenses. We also have implemented programs and incentives to help find salary savings and help with budget costs. These include:

- 1) A Voluntary Furlough program that allows employee to take unpaid time off in one-day increments. This allows flexibility for time employees need time off but do not have any sick and/or vacation time. This has resulted in some salary savings. This program was originally only put in place for one year, but based on response, has been extended to be a permanent policy.

Voluntary Furlough Program Savings FY2021	
Number of Employee Participation	10
Number of Days Used	60
Amount of Savings	\$9,241.04

- 2) A Reduced Time Program that allowed employees to make a one-year election to switch to $\frac{3}{4}$ time (30 hours per week) with the proportionate adjustment to their salary and benefits. This resulted in some salary savings. This program was originally only put in place for one year but has been extended to be a permanent policy with the flexibility of reducing hours at other percentages (such as 80% or 50%).

Reduced Time Program Savings FY2021	
Number of Employee Participation	1
Amount of Savings	\$5,608.26

- 3) An Early Retirement Incentive Plan that allowed those eligible for retirement to elect to take retirement in either December 2020 or May 2021 with an additional payout contribution being made in a lumpsum to their retirement account. Any employee age 60 or older with at least 10 years of service at ATU was eligible to participate. The eligible participants were given 45 days to consider participation in the Voluntary Early Retirement Incentive. The election period ran from August 20, 2020 to October 23, 2020. ATU had 92 eligible employees for this incentive plan.

Voluntary Early Retirement Incentive (VERI) Plan Savings FY2021	
Number of Employee Participation	34 (12 December; 22 May)
Amount of Savings (Salary & Benefits)	\$2,709,217.92
Number of Position left Vacant	15

- 4) An Early Faculty Transition Incentive Plan that allows tenured faculty (both 12 month and 9 month) to elect into a two-year step down to retirement. During the two-year step-down period, the faculty would take reduced responsibility for a salary decrease before officially retiring. This Incentive Plan was just approved by the Board of Trustees for the 2021-22 Fiscal Year. At this time, we do not have any participants.
- 5) With this initiative, we implemented a one-year policy for Internal Promotion and Reassignment to allow departments to move employees to positions where they were qualified and needed instead of possibly being displaced. As we are still working through our restructure, the Internal Promotion and Reassignment policy has been extended through June 30, 2022.
- 6) The restructure initiative and the development of the five year financial plan included every department reviewing their processes for streamlining and adjustment of responsibilities. This resulted in a total of 77 positions being identified for elimination which included vacancies, early retirements, and filled positions. Through thorough review, most of these employees were able to transition to new positions and departments that were best fits of skills and operational needs within the University.

Restructure Initiative FY2021	
Amount of Annual Salary & Benefit Savings *this number includes the 15 VERI positions left vacant that are noted above*	\$4,249,990.00

The fiscal year 2020-21 budget for ATU included the use of \$8,671,745 in reserves to balance the budget and to give ample time for strategically moving through the restructuring initiative. Through stabilizing the budget over the next five years, ATU took steps to mitigate the deficit at its highest projected amount estimated at \$12,654,112 for fiscal year 2022-23.

With the steps taken above, ATU was able to realize savings in salary and operational cuts as well as revenue enhancements to offset the projected deficit and reach a balanced budget.

Unfortunately, even with the steps taken above, it has become necessary for ATU to make the difficult and painful decision to implement a workforce reduction.

Before selecting the positions for reduction, ATU had every department review their area for possible budget savings and essential personnel. Proposals were submitted to the Vice Presidents of each area to review all departments and make recommendations for the budgets in their areas. These recommend proposals were reviewed by three committees and ATU's Executive Council before a final list was created for reduction. The final list for reduction in force resulted in five displaced employees.

By doing all of the above, ATU has created a sustainable five year plan that allows the university to have a balanced budget.

ATU Reduction Plan

1) Notification of Reduction

- a. Identified faculty were provided notice by their supervisors by May 8, 2021, per the required policy in our Faculty Handbook. This date is also the last day of their academic contract for fiscal year 2020-21.
- b. Identified staff members were provided notice by their supervisors on May 14, 2021, with the expectation that the staff members will finish their current contract or notice of appointment by intermittent work.

2) Intermittent work

- a. During notice period, employees will be required to work as needed to assist with training, attend meetings, and wrapping up of projects.
- b. ATU will also be providing weekly resource seminars for displaced employee to assist with finding other employment. These will include:
 - i. **Resume Workshop** – This will assist employees with updating their resumes in preparation for applying for jobs. A copy of the finalized resume will be kept on file with the Office of HR for review during the Special Reemployment Consideration period.
 - ii. **On-campus Interviews** – In preparation of the budget review, restructure, and possible reduction in staff, departments on campus have attempted to “hold” job openings until after the notification of the reduction in force. All of these open positions will hold interviews just for the identified displaced employees who qualify for the positions.
 - iii. **Unemployment** – An unemployment representative will come to campus to explain this benefit and the resources available through their office.
 - iv. **Counseling resources** – This will assist displaced employees with their emotions during this time.
 - v. **Financial Wellness** – This will help displaced employees get some guidance on their financial planning during this time of transition.
 - vi. **Job Fair** – If there are still a number of displaced employees after the resume workshop and on-campus interviews, we will host a job fair and invite local businesses with job openings on campus as a resource for these individuals.

3) Termination

- a. All identified employees who do not retire or find another position will officially separate employment on June 30, 2021. Because of the notice period intermittent work, there will be no severance pay, but employees will be eligible for the payout of sick and/or annual leave according to policy and state law.

4) After Reduction until June 30, 2022

- a. All identified positions will be on hold.
- b. Any vacant position that needs filled will first review the Reduction in Force list to see if there are any qualified candidates before posting advertisements for external applications.
- c. ATU will provide updates to the Reduction in Force list to ADHE as we are notified of individuals retiring or accepting other positions.

ATU 2020-21 Reduction In Force Plan

Appropriation						Annual Salary				Years of	
Item #	Class Code	Grade	Authorized Title	Employee Name	Annual Salary	Fringe	w/Fringe	Original Hire Date	Current Date	Service	Severance?
162	C069C	C109	Library Technician	McCaslin, Phillip A.	\$ 25,118.67	37%	\$ 34,412.58	9/1/05	5/14/21	15.71	Intermittent Work Notice
116	R027C	C117	Budget Specialist	Summey, Rebecca J.	\$ 36,196.12	37%	\$ 49,588.68	3/1/11	5/14/21	10.21	Intermittent Work Notice
155	X181C	C110	Collector	Koch, Mary	\$ 24,689.20	37%	\$ 33,824.20	7/1/13	5/14/21	7.87	Intermittent Work Notice