



MEMORANDUM

To: All HR and Labor Relations Administrators of All Departments, Institutions, Boards and Commissions

From: Department of Administrative Services - Office of Collective Bargaining and Office of Policy Development

Date: March 26, 2010

Re: Cost Savings Day Canvass, Closure, and Fiscal Year End Information

As agencies prepare to conduct cost savings day “canvasses” pursuant to applicable collective bargaining agreement requirements and prepare for fiscal year end activities, the Department of Administrative Services (DAS) has provided the following consolidated guidance for agencies regarding cost savings day (CSD) usage.

A. Before You Canvass: Black Out June, 2011

Bargaining unit employees will make their selections of ten cost savings days (80 hours)* for fiscal year 2011, with the dates being awarded in the order of seniority. Employees exempt from collective bargaining will select and should be granted dates in accordance with agency-established guidelines.

As agencies prepare to conduct CSD canvasses for fiscal year 2011, please be advised that agencies are **required** to black out the entire month of June, 2011. **No cost savings days may be taken after May 31, 2011.** Each agency should ensure that every employee canvasses for 10 cost savings days between July 1, 2010 and May 31, 2011. This is necessary in order to allow reconciliation or “equalization” to occur, so that the savings attributable to cost savings days may be realized by the end of the biennium. This does not affect agency vacation canvass.

B. Agency Closures in Fiscal Year 2011

Several agencies, including work units or divisions within an agency, requested closure on certain days in fiscal year 2010. Many requested agency closure days on the day immediately preceding or immediately following a recognized State holiday. Agencies are again provided an opportunity to request closure for CSD usage in a manner consistent with last year’s procedures.

* Some employees may not be entitled to 80 hours in a fiscal year and their balance may be adjusted accordingly. This may be the result of a separately negotiated agreement, as the result of being employed by an elected official that opted to participate in CSDs for less than 80 hours in a fiscal year, employees who work on a school calendar schedule, or as the result of proration.

However, agencies are reminded that customer service hours must always be observed before requesting closures. Minimum customer service hours are 8:00 a.m. to 5:00 p.m., Monday through Friday. Some agencies may have additional customer service hours required in order to be adequately staffed to perform all business functions for the agencies customers, including both internal and external customers. The state continues to be committed to minimal customer service disruption as the result of cost savings days.

As directed in the past, agencies are required to follow these standards before seeking DAS approval to close the agency (or any part thereof, including office or division) on a specified date:

- 1) The agency does not have employees in OCSEA bargaining units 3, 4, and 5;
- 2) If the agency has bargaining unit employees, each bargaining agent representing the employees has agreed to the closure;
- 3) The agency has surveyed exempt employees to determine that a majority of the exempt employees are willing to use a CSD on the specified date;
- 4) The agency submits the following information related to customer service to DAS, Office of Policy Development **no later than April 9, 2010**:
 - a. The results of the exempt employee survey;
 - b. The usual or average number of internal and/or external customers that the agency would serve on the proposed date;
 - c. A statement that the agency's customers will not be impacted (or will be minimally impacted) as a result of the closure. If the agency's customers will be minimally impacted, explain the measures the agency will be taking to mitigate those impacts;
 - d. The agency's plan for communicating closure in advance to its customers;
 - e. The additional estimated savings (if any) attributed to allowing the agency to be closed;
 - f. Additional information that may be considered relevant to DAS in making its determination.

Agencies may not advance closure plans until given final approval, which DAS will attempt to do **no later than April 23, 2010**. Agencies may then proceed with canvassing as a result of the decision by DAS to permit an agency to close on a particular date or dates. Agencies not requesting closure for any days in fiscal year 2011 may proceed with canvassing as indicated above, provided the agency "blacks out" June, 2011.

C. "Equalization" and Fiscal Year-End Activities

Equalization

- 1) Pursuant to both the applicable collective bargaining agreements and the Ohio Administrative Code (chapter 123:1-34-11, Mandatory cost savings program), in most cases, only employees who are prevented by their appointing authorities from taking CSDs shall have the appropriate corrections made to their paychecks (i.e., "equalization"). However, certain groups of employees will not be reimbursed under any circumstances, regardless of whether their employers prevented them from taking CSDs, including:

- Employees in bargaining units 3, 4, and 5, pursuant to the fourth provision of the letter of agreement amending the original contract between the State of Ohio and the Ohio Civil Service Employees Association.
 - Employees in bargaining unit 10, pursuant to article 21.11 of the contract between the State of Ohio and the Ohio Education Association.
 - Employees who are exempt from overtime compensation and who are (a) in pay range fifteen or above on the E-1 pay scale, (b) annually paid \$63,814 or above on the E-2 pay scale, (c) annually paid \$63,814 or above through their appointing authority's ability to set compensation, or (d) working in the governor's office.
- 2) In all, there should be very few (if any) instances where employees are reimbursed for unused CSDs at fiscal year end. Employees eligible for equalization and their respective agencies will be required to provide sufficient evidence that the employer prevented CSD usage in order for employees to be reimbursed. Absent sufficient evidence, leftover CSD hours will be assumed to be forfeited. In the interim, agencies should keep relevant records in writing and closely monitor CSD usage by their employees.
- 3) DAS and OBM will soon issue joint guidance regarding funding source for reimbursements required because of equalization.
- 4) Those employees that must be equalized for unused fiscal year 2010 CSDs will be reimbursed at their current regular rate of pay. The equalization will be based upon the employee's CSD leave balance as of the day immediately preceding the day fiscal year 2011 CSDs are deposited into the employee's leave balance, less any adjustments required due to CSD usage between June 18th and June 30th as a result of being canvassed or otherwise permitted by their supervisor to take CSDs at the end of fiscal year 2010. It is anticipated that employees eligible for equalization in accordance with the requirements noted above will receive their reimbursement on the paycheck received on July 30, 2010.
- For example, as part of a canvass, a bargaining unit employee used 56 hours of CSD leave prior to June 1, 2010, and requested to use her remaining 24 hours of CSD leave from June 28 through June 30, 2010. The employee receives her new 80 hours of CSD leave on June 18, 2010. Therefore, the employee's pay stub shows 104 hours of CSD leave. She is able to use 16 hours of CSD leave on June 28th and June 29, but her employer prevents her from using her last 8 hours of CSD leave on June 30, 2010. The employee will only be equalized for 8 hours of CSD leave, despite her CSD balance showing more than 8 hours of CSD leave available at fiscal year end.
- 5) Those employees who used more CSD hours than were deducted from their pay will be required to reimburse the state for the amount used in excess of hours deducted. It is anticipated that employees who are required to reimburse the state for CSDs used in excess of deductions will have the amounts withheld from the paycheck received on July 30, 2010.

Preparing for Fiscal Year-End

- 1) As indicated above, employees will see the eighty (80) CSD hours for fiscal year 2011 with the paycheck they receive June 18, 2010. Employees utilizing OAKS Time and Labor Self Service will see the additional 80 hours posted prior to this date. If employees have not used their entire 80 hour bank prior to June 18, 2010, they will likely see more than 80 hours on their paystubs. This does not mean that employees may use more than 80 hours in any given fiscal year. Employees are still limited to using 80 hours in a fiscal year, and agencies are responsible for ensuring that the appropriate amount of CSDs are used in each

fiscal year. Between June 18, 2010 and July 1, 2010, if an employee would have had a zero (0) balance, but for the 2011 FY CSDs, CSDs must be refused by managers. Self-service agencies should run a Cognos report to establish employees' CSD balances immediately prior to the date the new CSD balance appears and review employees who still have a CSD balance for fiscal year 2010. Agencies desiring assistance with running this report or similar reports may contact DAS/HRD.

- 2) Unlike the beginning of fiscal year 2010, employees will not be given the opportunity to "spend down" their vacation leave or other balances before first using CSDs prior to requesting any other prescheduled full-day of leave.
- 3) Equalization for FY 2011 will occur before the end of the FY10-FY11 biennium (likely on the June 16, 2011 pay date).

The complicated nature of this topic underscores the importance of ensuring that all employees use all 80 hours of CSDs in each fiscal year. It is critical not only to avoid unnecessary corrections and equalization, but also to ensure the success of the CSD program by balancing the General Revenue Fund in this biennium.

Important Dates to Remember:

- ☑ April 9, 2010: Agency requests for CSD closure days due to HRD Policy;
- ☑ April 23, 2010: DAS to issue responses to agencies on requests for CSD closure days;
- ☑ June 18, 2010: Employees to see fiscal year 2011 CSDs on pay stubs;
- ☑ Before June 30, 2010: Agencies must complete bargaining unit canvass, blacking out all of June, 2011;
- ☑ July 30, 2010: Anticipated date that employees required to be equalized to receive equalization pay, or employees who have used more CSD days than deductions to have equivalent amount of pay withheld;
- ☑ May 31, 2011: Last day for all employees to use all CSDs for fiscal year 2011; no exceptions.

Questions or concerns regarding this guidance may be submitted to the Office of Policy Development at DASHRD.HRPolicy@das.state.oh.us.