

AGENDA ITEM

III.C JANUARY 2017

DATE: January 16, 2017

TO: Members, Board Executive Committee

FROM: Leah Wilson, Chief Operating Officer

SUBJECT: Reduction in Force

EXECUTIVE SUMMARY

The Board Executive Committee is asked to approve a not to exceed budget of \$3 million for the Reduction in Force (RIF) program initiated in December, 2016.

BACKGROUND

In light of the reduced funding level available to the State Bar for budget year 2017, advancing discussions regarding the separation of the Sections of the State Bar, as well as interest expressed by a large number of staff, the Bar launched a RIF program on December 2, 2016. Regular staff were given a December 16 deadline to submit an indication of interest in program participation. Staff on leave were given a deadline of December 30, 2016. As of December 30, 2016, 60 staff members had expressed interest in program participation.

On January 6, 2017, the program was re-opened for a one-week period to allow staff who had inadvertently missed the deadline over the holiday period to apply. As of January 12, 2017, 9 additional staff had applied pursuant to the reopener. The anticipated separation date for staff leaving the Bar pursuant to the RIF program is March 31, 2017.

DISCUSSION

Staff recommends that all applications for program participation be approved. Staff also recommends the following:

- All impacted positions in the Office of the Chief Trial Counsel be replaced by backfill hiring;
- A limited number of other General Fund supported positions be replaced
- No Sections Fund supported positions be replaced; and
- All other non-General Fund supported positions be replaced (or not) at the discretion of the Senior Executive with responsibility for the respective implicated budget.

The fiscal impact of application of these principles is summarized below and provided in detail as Attachment A

Fund	# of Applicants	Replace Recommend	Current S&EB Recommend Replace¹	Projected S&EB Recommend Replace	2017 Projected Savings
GF -OCTC	29	29	3,038,850	2,650,769	388,081
GF - Unfunded	4	1	327,240	69,779	244,060
GF-Other	18	8	1,420,095	582,166	837,929
Admissions	4	4	355,807	263,161	92,646
EOB/Bar Relations	1	0	87,711		87,711
CSF	2	1	238,677	132,015	106,661
LAP	1	0	96,361		96,361
LSTF	2	1	202,477	93,038	109,439
Sections	8	0	754,378		754,378
Totals	69	44	6,508,194	3,790,928	2,717,266

In addition to reflecting staff's recommendation, Attachment A also depicts two additional scenarios: Do Not Replace (replace no staff leaving pursuant to the RIF), and Replace All (replace all staff leaving pursuant to the RIF). Lastly, the Attachment provides projected annualized General Fund and non-General Fund savings associated with staff's recommendation, Do Not Replace, and Replace All scenarios. With respect to staff's recommendation, the annualized projected savings total \$3.39 million; of that amount, \$1.87 will attrite to the General Fund.

Separation costs will be funded by respective reserve balances. The impact of projected severance costs on fund balances is outlined below:

Fund	12/31/16 Projected FB	Reserve % (17%=Min)	Estimated Separation Costs	Impact of Separation Payment on FB	Reserve % (17%=Min) post Separation
General Fund	18.8M	26.21%	2.2M	16.6M	23.14%
Admissions	4.66M	28.74%	168,000	4.49M	27.69%
EOB/Bar Relations	435,000	93.15%	41,000	394,000	84.36%
CSF	3.12M	229.49%	94,000	3.03M	222.95%
LAP	1.2M	98.03%	46,000	1.15M	93.95%
LSTF	8.23M	588.07%	81,000	8.15M	582.35%
Sections	7.6M	107.08%	290,000	7.31M	102.99%
Totals	44.05M		2.92M	41.13M	

¹ 9 months salary to reflect 2017 impact.

FISCAL/PERSONNEL IMPACT

As reflected above.

RULE AMENDMENTS

None.

BOARD BOOK IMPACT

None.

BOARD COMMITTEE RECOMMENDATIONS

RESOLVED, that the Board Executive Committee approves a not to exceed budget for the Reduction in Force program of \$3 million and authorizes staff to proceed with final implementation.