



## STATE OF NORTH CAROLINA OFFICE OF STATE HUMAN RESOURCES

### RTR FREQUENTLY ASKED QUESTIONS (FAQ's)

#### **1. What is RTR?**

- Under direction of the Office of State Human Resources (OSHR), the Reorganization through Reduction (RTR) program is a **voluntary** employee separation program which enables an agency to restructure or reorganize to gain financial and/or skill set efficiencies and increase effectiveness. This allows the agency to retain the vacated position to repurpose to meet the agency's business needs, objectives, and goals.

#### **2. Is the RTR program mandatory?**

- No. The RTR program is strictly voluntary. Participation in the RTR Program is not an employee right or benefit.

#### **3. How long will the RTR Program last?**

- The RTR Program is a permanent program with no sunset dates.

#### **4. What is the definition of a critical skill?**

- Job specific knowledge/skills/competencies, needed by the organization, such that the organization would experience difficulty meeting its mission/goals should the critical skills be lost. May be found in an individual position or group of positions.

#### **5. What if there are more volunteers than are needed for the approved RTR program?**

- If there are more volunteers, employees with the most cumulative state service, who have volunteered to participate, will be selected first.

#### **6. If there are not enough volunteers, what happens?**

- Management will utilize a Reduction-In-Force (RIF), implementing the agency RIF policy, to accomplish the reorganization. Employees that are reduced-in-force within the RTR program may be eligible for the traditional severance salary continuation, if approved by the Office of State Budget & Management.

#### **7. Is there a minimum number of positions, identified by management, for RTR to be considered?**

- Yes. There must be a minimum of 5 positions involved to initiate a RTR program.

#### **8. Is separation as a result of RTR different from separation through RIF?**

- Yes. RTR is voluntary, RIF is involuntary. RTR will follow RTR Policy, RIF will follow the RIF Policy.

#### **9. Is denial of participation a grievable issue?**

- No. Denial of participation is not a grievable issue.

**10. Can an employee rescind their decision to volunteer in the RTR Program?**

- No. Once the RTR Volunteer Request Form is signed, the employee cannot rescind their decision.

**11. Do employees have to be in a permanent full-time or part-time appointment type to participate in the RTR program?**

- Yes. Employees must be in a permanent full-time or part-time appointment type with 12 months of continuous employment as of October 1, 2015, to be eligible to participate. Individual eligibility is specific to the agency's approved RTR plan and will be determined by the agency.

**12. What type of compensation will I receive for participating in the RTR program?**

- Employees who participate in the RTR program will be compensated by using the standard severance salary formula. The standard severance formula is calculated by using your salary, age, and years of state service. The compensation is referred to as a separation payment and will be paid out to the employee in one lump sum.

**13. How are receipt funded and federally funded positions managed in RTR?**

- Employees in receipt funded and federally funded positions that meet eligibility requirements may be considered for RTR. However, separation payments must be paid from the same funding source that the position is paid from. When a position is supported in total or in part from federal or other non-state agency receipts, it is incumbent upon the agency to obtain approval from the appropriate federal agency or non-state funder. Documentation of this approval must be provided with the request to budget funds for the RTR separation payment.

**14. Is the separation payment subject to taxes?**

- Yes. All appropriate taxes and other deductions will be withheld from the employee's payment. Your separation payment is taxed at the same rate as your income from salary and wages, which is decided by the tax rate set by the IRS for your tax bracket and the NC DOR for state taxes. Please understand that you will pay taxes on the entire separation payment amount since it is a lump sum payment. The IRS and NC DOR provide tax rate tables which can help you calculate your tax liability based on the amount of your separation payment. Lump sum payments in addition to any salary you earned may constitute enough to bump you into a higher tax bracket. Please consult with an accountant or financial advisor if you would like detailed information on your tax liability.

**15. What should employees do about their exemptions?**

- Employees need to be aware of how many exemptions they have because it will affect their separation payment according to what the employee has selected.

**16. Can employees on family medical leave, family illness leave, workers compensation, short term disability, and military leave participate in the RTR Program?**

- No. Employees on the above leave programs will not be eligible to participate.

**17. What types of outplacement support will be available to employees who participate in the RTR Program?**

- Employees seeking outplacement support can seek advice from job counselors at their local Workforce Solutions office located within the NC Department of Commerce. There will also be a benefits information sheet of contacts for other outplacement support resources included in the RTR information packet.

**18. What if I'm approved to volunteer in the RTR Program and I also decide to retire?**

- The decision to participate in the RTR program is a separate decision from retirement. You may obtain more information regarding any retirement questions you may have by contacting the Retirement Systems Division of the Department of State Treasurer.

**19. Who do I talk to about retirement?**

- You may contact Deb Forry at the NC Retirement Office at 919-814-4042.

**20. Does the RTR separation payment count towards the final average compensation calculation for individuals eligible for retirement?**

- No.

**21. Can employees that have already retired participate in the RTR Program?**

- Retired employees in permanent part-time positions can participate in the RTR program; however, they will not be eligible to receive the \$5,500.00 health insurance payment since they already have health insurance coverage with the State Health Plan. It is the employee's responsibility to check with the retirement office regarding whether the receipt of the separation payment will affect their retirement benefits.

**22. Can employees that have already applied for retirement participate in the RTR Program?**

- No. Once the employee has completed and submitted Form 6 they are no longer eligible for RTR. An employee may not rescind retirement application after RTR plan has been approved by OSHR for purpose of participating in RTR program.

**23. How long will employees have to decide if they want to participate in the RTR Program?**

- If eligible to participate, the employee will have 21 calendar days to decide to participate and submit the appropriate form by the deadline. The Agency HR Representative will inform employees of when the 21-day period will occur.

**24. Who approves employee volunteers to participate in the RTR Program?**

- The agency head and agency HR director have final approval of the selected RTR applicants.

**25. Will the employee have re-employment priority rights?**

- No.

**26. Will the employee be allowed to seek other employment opportunities with the State of North Carolina?**

- An employee may not return to **any** state SHRA employment (permanent, temporary, contractual, time-limited) for 12 months.
- An employee may not return to **any** state EHRA employment for 12 months.

- An employee may not return to local government employment if the local government agency is covered under G.S. 126 for 12 months.
- **Does not** apply to employment contracts outside of State government.

**27. If an employee still has sick leave balances, will the balances be reinstated if the employee returns to work after the employment restrictions have expired?**

- Yes. Sick leave will be reinstated if an employee returns to State employment within five years.

**28. What happens if an employee separated under the RTR program does return to work with another State agency before the specified periods noted above?**

- The separating agency may pursue breach of contract to recoup the separation payment.

**29. What is the Settlement Agreement/Waiver of Claims?**

- The Settlement Agreement/Waiver of Claims is a legal document that states the employee knows their current agency/division is reorganizing to achieve an alignment of business needs, objectives, and goals and the employee and the State of North Carolina agree to end the employment relationship. The employee waives their right of any claims or actions in connection with their employment against the State of North Carolina and agrees to the re-employment restrictions.

**30. Can the RTR separation payment be deferred into 401k, 457, etc. to avoid the tax?**

- No. The only payment that can be deferred is earnings relative to payouts (i.e. vacation, bonus leave, special leave). The separation payment would not be eligible for deferral since it is not subject to the 6% retirement deduction and not considered as wages.

**31. What are my health insurance coverage options?**

- In addition to the separation payment, you will receive a payment of \$5500 that may be used by the employee to purchase health insurance through COBRA.

**32. Who do I talk to about COBRA?**

Employees may access the link below for more specific COBRA information.

**A Guide to Cobra Administration:**

<http://statehealthplan.state.nc.us/library/pdf/hbrs/cobra-admin-gde.pdf>

**33. Will the employee receive payment for vacation and bonus leave?**

- Yes. The employee will receive payment for vacation and bonus leave according to the established state policy. If eligible, employees will all receive payment for the appropriate longevity payment as well. The RTR payment cannot be processed until all other payments are completed.

**34. How long will it take to receive the separation payment?**

- In compliance with the Age Discrimination in Employment Act (“ADEA”), as amended by the Older Workers Benefit Protection Act of 1990 (“OWBPA”), the employee will be mailed a Settlement Agreement/Waiver of Claims form via Federal Express the day after the employee separates. Upon receipt, the employee has seven (7) calendar days to revoke this agreement. Once the employee sends back the agreement to OSHR, OSHR will notify Beacon to process and direct deposit the separation payment in the next pay cycle. This could be 30-60 days after the employee has separated.

**35. Can an employee be promoted or demoted or receive a change in salary before the RTR separation date?**

- No. The employee must stay in their current position at the same salary during the RTR program.

**36. How will the separation date be determined for employees?**

- The employer determines the employee separation date, however, the employee may discuss when their separation date will take place with the employer.

**37. Does an employee have to work on their last day of employment?**

- Yes. The employee must work on their last day of employment.

**38. What are the responsibilities of the Office of State Human Resources regarding the RTR Program?**

- The Office of State Human Resources will review and approve the Agency RTR Plans and establish timeframes for RTR plan implementation. The Office of State Human Resources will also provide guidance and respond to questions regarding the RTR implementation at the Agency. THE RTR Control Center will also be housed at the Office of State Human Resources. The RTR Control Center will be the process owners of the RTR Program and compile and submit any required reports related to the RTR Program.

**39. What are the responsibilities of the agencies regarding the RTR Program?**

- The agency will determine what the agency’s business need, objectives, and goals are related to the reorganization of the agency and the utilization of the RTR Program to achieve those goals. The agency will approve or deny employees who want to participate in the RTR program.

**40. If the employee has further questions about the RTR Program who can they contact?**

- The employee should contact their Agency RTR Representative if they have further questions or concerns regarding the State of NC RTR Program.

**41. How do I contact the RTR Control Center?**

<b>RTR CONTROL CENTER STAFF</b>	<b>Phone Number</b>	<b>Fax Number</b>	<b>Email</b>
Bailey Bruce	919-807-4876	919-733-0653	<a href="mailto:Bailey.Hodgin@nc.gov">Bailey.Hodgin@nc.gov</a>
Carl Dean	919-807-4828	919-733-0653	<a href="mailto:Carl.A.Dean@nc.gov">Carl.A.Dean@nc.gov</a>